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Confederation Life

1871971

INSURANCE COMPANY



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Confederation Life

INSURANCE COMPANY

1971 Annual Report

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1971 ACHIEVEMENTS AT A GLANCE

	1971	1970
New Business — Premiums		
Individual	\$ 14,726,000	\$ 15,564,000
Group	17,464,000	22,314,000
New Business — Amounts		
Individual Life	565,068,000	646,411,000
Group Life	606,551,000	822,716,000
Business in Force — Amounts		
Individual Life	3,528,425,000	3,318,616,000
Group Life	4,604,777,000	4,323,596,000
Annuities and Pensions (equivalent basis)	1,157,168,000	993,883,000
Health Insurance in Force		
— Premiums	48,536,000	44,629,000
Benefits		
Contractual payments to policyowners and beneficiaries	118,460,000	117,845,000
Dividends to policyowners	21,356,000	15,347,000
Assets	929,225,000	822,407,000
Policyowners' surplus	62,094,000	60,430,000
Rate of investment income earned net of investment expenses	6.55%	6.50%

REPORT OF THE DIRECTORS TO THE POLICYOWNERS

This annual meeting marks the 100th occasion on which your Directors have presented a formal accounting to the policyowners of Confederation Life and to the public. In October we completed our first 100 years in business and started on our second. The results in this report, in effect, summarize a full century of development, and provide the foundation for a confident approach to future expansion of our services.

1971 In Review

In September Dr. Claude T. Bissell, distinguished educator and former President of the University of Toronto, was invited to join the Board. His acceptance strengthens the Board's capacity to reflect, in its deliberations, the broader social consciousness required of business organizations in the 1970's.

The financial position of the company improved during 1971, principally as a result of management action to control operating costs, to restrain the exceptional growth rate of Individual sales in the United States, and to revise premium rates on Group health coverages.

The continuing program to control expenses has had the desired effect of lowering expense ratios and, during 1971, cost factors rose at a slower rate than income. In several operating areas 1971 expenses were actually less than in 1970.

In the life insurance business the sale of individual coverages reduces net income for the year in which the business is written. Under our corporate plan we have established an aggressive rate of growth which is carefully matched to a satisfactory level of net income. During the late 1960's our Individual sales in the United States grew at a rate well in excess of this objective, reducing net income below planned levels. The action taken to restore equilibrium between sales and financial results produced a temporary but marked drop in sales in 1971 and a corresponding increase in net income. Sales in the United States during the last half of 1971 returned to the rate anticipated under our corporate plan. New Individual sales in Canada, the Caribbean and the United Kingdom were higher in 1971 than in 1970.

In the Report to Policyowners for 1970 it was noted: "A continued accelerated rate of inflation and rise in the cost of health care, particularly in the United States, has again adversely affected Confederation Life and the industry. To correct this major problem your company has taken many additional and vigorous steps which should cause a significant improvement in our 1971 earnings..."



J. K. Macdonald, Chairman



J. Craig Davidson, President

These anticipated results have been achieved, and Group hospital, surgical and medical benefits are now contributing, according to plan, to the growth of our financial resources. This program has had the effect, however, of slowing the sales of new Group coverages in the life and health lines.

During 1971 an industry-wide trend developed towards substantial increases in long term disability claims which is felt to be largely a result of the continued high level of unemployment. A selective program of rate adjustment has been undertaken to offset the losses from this source, but the problem is not likely to be fully resolved for two or three years since some of the contracts affected stipulate rate guarantees for a limited period.

An important change in marketing arrangements occurred in the Dominican Republic and in Jamaica, where local sales and servicing companies, organized by the former resident managers, are under contract to carry out all operations formerly handled by our full-time branch organizations.

In October work began on the extension of the Home Office building immediately to the south of the present structure. A portion is expected to be available for occupancy by December, 1972. When completed in the spring of 1973 the extension will increase our Home Office space by 50 percent and should provide ample room for expansion into the 1980's.

Highlights of the 1971 Operations

- Total income was \$255,757,000, an increase of 14.6% over 1970. Of this amount, \$168,366,000 came from premiums and deposits paid by policyowners and

\$50,720,000 from income earned in the investment of general funds. In addition, segregated funds contributed \$36,671,000 in combined deposit and investment income during the year.

- Segregated funds, which are separately managed by the company on behalf of policyowners who have selected this kind of contract, increased substantially during 1971 to \$87,478,000 from \$53,893,000 in 1970. The company now has thirteen Group and four Individual funds of this type.
- Total life insurance in force rose to \$8,133,000,000 from \$7,642,000,000 at the end of 1970.
- Annual premiums from the sale of new policies amounted to \$32,190,000.
- Payments to living policyowners increased to \$107,568,000. In addition, \$32,248,000 was paid to beneficiaries. In total, benefit payments increased by 4.7% over 1970.
- An Investment Valuation Reserve of \$23,000,000 has been set up to provide for variations in the year-end value of investment holdings. Provision for this was formerly handled by writing down asset values showing the net figure.
- Assets increased during the year 1971 and now total \$929,225,000.
- Policyowners' surplus increased by \$1,664,000 and now stands at \$62,094,000.

1972 in Prospect

At the Special General Meeting held on February 18, 1972, just prior to this annual meeting, policyowners were asked to approve a transfer of five million dollars from the life to the health branch. There are two reasons for this transfer. The Canadian and British Insurance Companies Act requires the retention of a substantial level of surplus in the health branch. In addition, the adverse claims experience of recent years caused losses in the health lines.

For over two years Confederation Life has acted as an agent, along with a number of other companies, in the administration of the Ontario Health Services Insurance Plan. The arrangement has demonstrated the ability of business organizations to work co-operatively with government authorities to provide needed services. At the end of May, 1972, this joint undertaking will end when

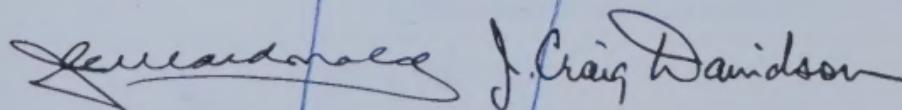
the government takes over the full administration of the OHSIP program through regional offices throughout Ontario.

Late in 1970 your Board revised the company Statement of Policy to include provision for offering the public "financial and ancillary" services in addition to traditional insurance coverages. The many possible lines of development this opens up for Confederation Life have been under active exploration for some time, and will continue to be in future years.

Confederation Life has taken the decision to form a subsidiary management company in Canada as a means of entering the mutual fund business. Preliminary work has already started and study is currently under way to determine the best ways to market mutual fund products.

In the United Kingdom, the organization of a separate, wholly-owned subsidiary life insurance company is now in progress. The products it markets will not compete with those offered by the parent organization. The decision has also been made to form a unit trust, which is the United Kingdom equivalent to a mutual fund in Canada.

As we move into our second century we have started to diversify into lines of business related to, but not part of our traditional insurance services. We approach this development with confidence. The opportunities it opens to further identify the company with emerging patterns of social and consumer needs, will provide many new avenues for both corporate and personal growth.



Chairman

President

Ber.

STATEMENT OF OPERATIONS & POLICYOWNERS' SURPLUS

for the year ended December 31, 1971

OPERATIONS

Income

Premiums from policyowners

Segregated investment funds-deposits and net income

Interest, dividends and rents, less investment expenses

Distribution of income

To Policyowners and Beneficiaries

Death claims

Endowments matured

Annuity payments

Disability and health benefits

Surrender payments

Interest to policyowners

Segregated investment funds

Increase in funds necessary for future contract payments

Operating Expenses

Service, sales and administration expenses

Taxes and licence fees

Net income on operations before dividends to policyowners

POLICYOWNERS' SURPLUS

Balance, beginning of year

Net income on operations before dividends to policyowners

Dividends to policyowners paid or set aside

Transfers to investment valuation reserve \$23,000,000 and
to contingency reserve \$4,000,000 less restatement of
asset values \$24,244,765

Balance, end of year

1971

1970

\$168,366,430
36,670,891
50,720,369
<hr/>
\$255,757,690
<hr/>

\$162,205,355
14,646,669
46,278,181
<hr/>
\$223,130,205
<hr/>

\$ 32,247,674
9,498,881
9,259,537
40,549,892
21,201,468
3,139,626
36,670,891
35,099,161

\$ 30,786,367
9,776,943
9,030,932
40,018,101
23,112,321
3,533,531
14,646,669
32,549,951

37,051,282
5,264,508
<hr/>
\$229,982,920
<hr/>

39,566,641
3,958,968
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\$206,980,424
<hr/>

\$ 25,774,770
<hr/>

\$ 16,149,781
<hr/>

\$ 60,430,146
25,774,770
(21,355,559)

\$ 59,400,771
16,149,781
(15,347,033)

(2,755,235)
<hr/>
\$ 62,094,122
<hr/>

226,627
<hr/>
\$ 60,430,146
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BALANCE SHEET

as at December 31, 1971

ASSETS

Bonds

Stocks

Mortgage loans

Segregated investments

Home Office property

Real estate investments

Loans on policies

Cash

Interest and rents earned but not yet received

Premiums in course of collection

Other assets

LIABILITIES

Policyowners' reserves

Policy proceeds, dividends and other amounts on deposit

Segregated investment funds

Policy claims in process of payment

Provision for future dividends to policyowners

Taxes and other liabilities

Contingency reserve

Investment valuation reserve

Policyowners' surplus

**Auditors' Report To the Policyowners and Directors of
Confederation Life Insurance Company:**

We have examined the balance sheet of Confederation Life Insurance Company as at December 31, 1971 and the statement of operations and policyowners' surplus for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances; the amounts required to provide for policyowners' reserves and the provision for future dividends to policyowners were determined and certified by the Company's Actuary.

In our opinion, based on our examination and the certificate of the Company's Actuary, these financial statements

**Toronto, Canada,
February 1, 1972**

	1971	1970
\$354,485,372	\$283,734,577	
39,042,058	34,521,826	
287,745,662	295,521,132	
87,478,837	53,893,724	
7,898,336	8,063,531	
49,017,699	43,041,487	
66,942,468	61,577,764	
6,355,976	13,945,089	
11,553,940	10,325,404	
9,059,878	9,093,010	
9,645,008	8,689,771	
<hr/>	<hr/>	
\$929,225,234	\$822,407,315	
<hr/>	<hr/>	
\$622,809,036	\$602,518,778	
57,404,647	48,899,815	
87,478,837	53,893,724	
36,481,161	26,607,781	
18,967,938	14,893,282	
15,989,493	14,163,789	
5,000,000	1,000,000	
23,000,000	—	
62,094,122	60,430,146	
<hr/>	<hr/>	
\$929,225,234	\$822,407,315	
<hr/>	<hr/>	

present fairly the financial position of the Company as at December 31, 1971 and the results of its operations for the year then ended in accordance with accounting practices prescribed or permitted by the Department of Insurance, Canada.

Bonds and stocks are valued at cost or less, which values after deducting the investment valuation reserve, are less than those authorized by the Department of Insurance, Canada. The assets and liabilities in currencies other than Canadian are shown at book rates which approximate current rates. If current rates had been used, the surplus as shown would be increased.

Clarkson, Gordon & Co.,
Chartered Accountants

BOARD OF DIRECTORS

J. K. Macdonald
Chairman of the Board

J. Craig Davidson
President

Donald A. McIntosh, Q.C.
Vice-President
Partner, Fraser & Beatty

J. Page R. Wadsworth
Vice-President
Deputy Chairman, President
and Chief Executive Officer,
Canadian Imperial Bank of
Commerce

**Claude T. Bissell, C.C., Ph.D., D.Litt.,
D. ès L., LL.D., F.R.S.C.**
Former President, University
of Toronto

Robert F. Chisholm, O.B.E.
Chairman, Thompson Paper Box
Company Limited

Pierre P. Daigle
Vice-President, Malcolm G. MacLean
Lumber Limited
Montreal

H. G. De Young
Consultant
Fonthill, Ontario

C. M. Harding, O.B.E.
Chairman and Chief Executive Officer,
Harding Carpets Limited

Thomas E. Ladner, D.S.C., Q.C.
Partner, Ladner Downs,
Barristers and Solicitors
Vancouver

George E. Mara
President, William Mara Company
Limited

R. H. L. Massie
President, The Dominion Insurance
Corporation

H. C. F. Mockridge, Q.C.
Partner, Osler, Hoskin & Harcourt

André Monast, Q.C.
Partner, St-Laurent, Monast,
Desmeules, Walters & Dubé
Quebec

Sir Ralph Perring, Bt.
Chairman, Perring Furnishings
Limited
London, England

Ray D. Wolfe
President, The Oshawa Group
Limited

EXECUTIVE OFFICERS

J. Craig Davidson

President

R. M. Bell, Q.C.

Vice-President, General

Counsel and Secretary

P. D. Burns

Vice-President, Group Insurance

J. H. B. Clover

Vice-President and General Manager

for the United Kingdom

P. W. Lloyd

Vice-President, Individual Insurance

A. J. Trusler

Vice-President, Investments

D. E. Watts

Vice-President and Controller

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Pour recevoir ce Rapport annuel en français, il suffit d'en faire la demande.

A copy of the Annual Report in French is available on request.

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refers, ideas.



Confederation Life
INSURANCE COMPANY

HOME OFFICE: 321 BLOOR STREET EAST, TORONTO 5, CANADA

Confederation Life

1871971

INSURANCE COMPANY

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BOARD OF DIRECTORS January, 1971

J.K. MACDONALD Chairman of the Board	ROBERT F. CHISHOLM, O.B.E. Chairman, Thompson Paper Box Company Limited	R.H.L. MASSIE President, The Dominion Insurance Corporation
J. CRAIG DAVIDSON President	PIERRE P. DAIGLE Vice-President, Malcolm G. MacLean Lumber Limited Montreal	H.C.F. MOCKRIDGE, Q.C. Partner, Osler, Hoskin & Harcourt
DONALD A. McINTOSH, Q.C. Vice-President Partner, Fraser & Beatty	H.G. De YOUNG Consultant Fonthill, Ontario	ANDRÉ MONAST, Q.C. Partner, St-Laurent, Monast, Desmeules & Walters Quebec
J. PAGE R. WADSWORTH Vice-President Deputy Chairman, Canadian Imperial Bank of Commerce	C.M. HARDING, O.B.E. Chairman and Chief Executive Officer, Harding Carpets Limited	SIR RALPH PERRING, Bt. Chairman, Perring Furnishings Limited London, England
	THOMAS E. LADNER, D.S.C., Q.C. Partner, Ladner, Downs, Ladner, Locke, Clark & Lenox Vancouver	RAY D. WOLFE President, The Oshawa Wholesale Limited
	GEORGE E. MARA President, William Mara Company Limited	

PRESIDENT'S ADVISORY COUNCIL January, 1971

R.M. BELL, Q.C. Vice-President, General Council and Secretary	J.H.B. CLOVER Vice-President and General Manager for the United Kingdom	W.J.D. LEWIS Vice-President, Individual Insurance
P.D. BURNS Vice-President and Controller	W.J. FARMERY Vice-President, Investments	D.E. WATTS Vice-President, Group Insurance

ACKNOWLEDGEMENT

The story of Confederation Life is about people. Some seem to dominate the scene, others contributing in more modest but essential ways. On occasion, a character will appear briefly and exit while another will stay on stage for half a century or more. To all who have been members of the staff either at its beginning or as it grew in strength, the present organization owes a debt of appreciation. Without them—all of them—we would be in a different position than we are today...if we were in business at all.

But there is another group without whom this performance could not have been presented. More than an audience, our clients have been the silent backers and critics for the whole show. Their acceptance made our success possible and their reactions have been a guide for the many important decisions made over the past 100 years.

Neither group appears often enough in this brief history. To illustrate how even a small portion of them have influenced the course of company growth would require much more detail than is possible here. In lightly skipping over most and highlighting a few, we are being highly selective and patently not fair to those who are not mentioned. We wish it could be otherwise. The actors who appear in this abbreviated version of a success story have contributed much to its outcome, but are only representative of those we have not been able to mention.

INTRODUCTION

In the year 1971 things are happening that even the most vivid imagination would not have credited before the turn of this century...let alone 100 years ago. Today we can watch events that are going on in the United Kingdom, Europe, New York, Vancouver, or Rome from the comfort of our own living-rooms. We can telephone to any world-wide location and talk personally with...whomever we'd like to talk to. Our highways flow with cars traveling at the "incredible" speed of 60-70 miles per hour. Aircraft link cities and continents for cargo and passengers in terms of hours. In the space outside the earth's atmosphere, artificial satellites are orbiting our planet, placed there by men of science who provided the knowledge and technology to put men on the moon and return them to earth. 1971 is the year of the almost instantaneous everything, including the instantaneous change.

The gap between 1871 and 1971 is 100 years, according to the calendar. But, judging by developments, it is bigger than from the year 71 to 1871. In fact, this is a one-sided comparison, with the last hundred years accounting for more technological progress than all previously recorded history. And we have been privileged to be part of it. As individuals, for our twenty or fifty years. As a business, for all of it.

In 1971 Confederation Life reaches its 100th birthday. At the start it was small, simple in concept and purpose, vulnerable to the economic and social forces of the times, and especially dependent on the reception of the people who would become its clients. In 1971 Confederation Life is a strong, mature, knowledgeable organization; but even in this condition, still subject to the social and economic forces at work and just as dependent on how its services are received by the public. In a century of gigantic change and an era of accelerating development, some things remain unchanged.

This is fortunate. Whatever changes take place, the need to respond to the everyday requirements of people remains. Society is harsh on institutions that fail to fill a vital need. They simply do not survive.

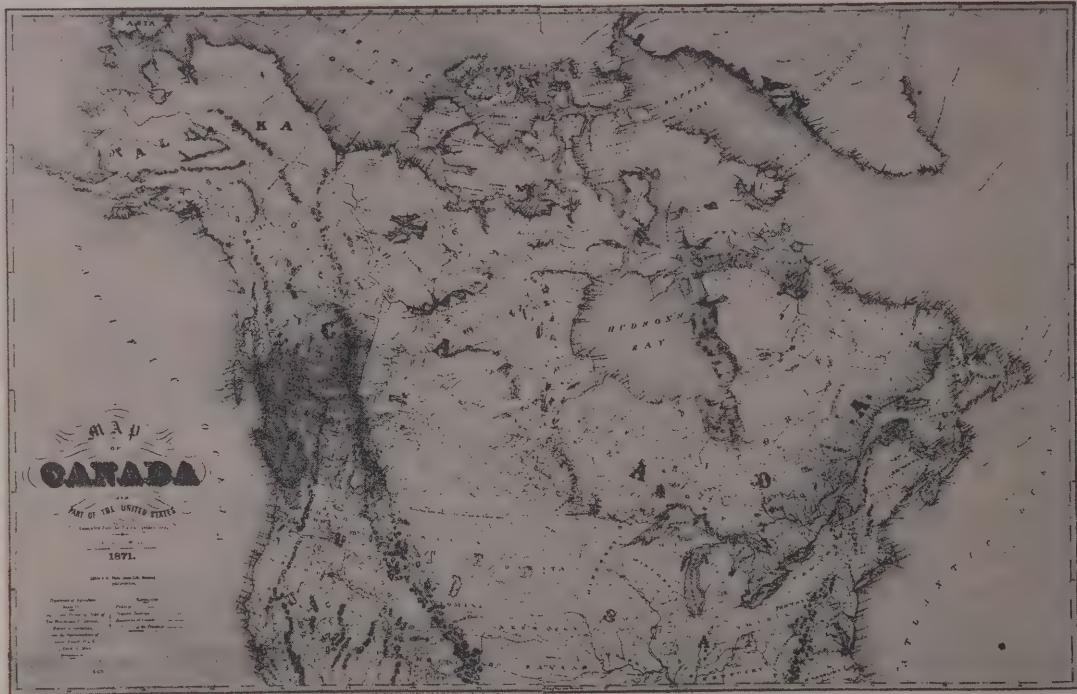
Survival for 100 years, then, is no small feat. Ours is, in miniature, the history of continual assessment and renewal. It is a success story, without guarantees for the future, but with a growing ability to provide imaginative and sound financial services of all kinds. At no time has this renewal been more evident and urgent than during the last decade. During this

period change has been especially rapid—not just in the conveniences available for more comfortable living, but more importantly, in the knowledge and expectations of the public. They know more, learn more quickly, and expect more competent advice and service than ever before in our corporate history. As a business, we have paralleled these developments, now leading and anticipating what will be expected of us, now following the lead the public gives on those occasions when it makes its wishes abundantly clear.

For longevity as a business enterprise, we are not unique. Other organizations can boast a longer history and perhaps, even, surpass our successful growth. Durability, however, is not our sole *raison d'être*. Rather, we are pleased to be able to offer the public a great variety of financial services that were simply not thought of 100 years ago. Our capacity to provide these services has increased and this gives us confidence for the future. If, over a century of experience an organization can be said to acquire personality traits, Confederation Life's can be summed up in the phrase "interest and involvement". How this interest and involvement came out in company activities depended on how it was socially perceived at the time. But the elements were distinctly there throughout our 100 year lifespan . . .



1871900



"...to carry on the business of Life Assurance in the Dominion" of 1871.

Finance Department
Ottawa 26th Sept 1871

Sir,

I have the honor to enclose a Licence for "The Confederation Life Association" of Canada, to carry on the business of life assurance in the Dominion, and to call attention to the Regulation of the Insurance Act, 31 Victoria Cap 48 and to request that it be seen at its convenience to be complied with. This Department may be informed in regard to the appointment of the Agent of the Company.

I am very truly yours
Yours very sincerely

To the President
of the Confederation
Life Association
Montreal

James Smith
Minister

Would you believe it took less than ten minutes to select the name Confederation Life? Even in 1871 some things moved swiftly. And it took just \$400 to set up this new venture? Both of these are true... but not quite the whole story...

The scene was Ottawa, capital of the new Canadian confederation. The time, late winter, 1871. The Bill to incorporate the "Dominion Life Association" had passed the Senate, received first reading in the House of Commons, and was now before the Banking and Commerce Committee. Mr. James Young was to have piloted the Bill but was unavoidably away from Ottawa at the time. Mr. A. H. Harrison, Q.C., was asked to take charge and J. K. Macdonald was given special permission to discuss the Bill with the Committee because of his intimate knowledge of the subject. When confronted with a majority of one turning down the name "Dominion", he held a "quick consultation" with the other petitioners and suggested "Confederation".

What's in a name? We can only guess. But we know that "Confederation" has turned out to be a happy choice. It seems certain the name was selected because of its connection with the recent confederation of the provinces. Over the years, however, this connection has gradually given way to the idea of the company being a welding together of a variety of financial services into one organization. With today's expansion potential into wider fields, this latter idea seems particularly appropriate. In the southern United States we sometimes get "Confederate Life", and to our staff there is familiarity and a touch of affection in "Confed". If, on occasion, we are called other names, we prefer to think the quality of our services will make them complimentary. As an international company now, the purely Canadian implication of "Confederation" only suggests its point of origin. In the context of 1971, the newer and broader meaning the term has taken on makes it just right to describe our kind of organization.

John Kay Macdonald, immigrant at 8, Treasurer of York County at 29, was the prime mover in setting up this new life insurance company. Mr. Macdonald, a keen observer of business financial activities, first took an interest in life insurance in 1869 when, at 32, he noted that all but one of the twenty-four life insurance companies operating in Canada were foreign



John Kay Macdonald at 29, 1867.

and this one company, Canada Life, had more business in force in Canada than any of the others. This led him to believe the time might be opportune to set up another purely Canadian company. As a result of his studies, he felt the protection of guaranteed capital stock could be coupled with firmer ideas on the rights of policyowners to the distribution of surplus and to identify themselves more closely with company management. This combination of financial astuteness and a "better idea" carried enough weight during the next two years to arouse interest among a number of prominent Canadians. Among the twenty-one who became actively interested and participated in the eventual stock subscription were Sir Francis Hincks, Minister of Finance in the Dominion Government (and the company's first president), Sir Wm. P. Howland, the Lieutenant-Governor of Ontario, E. B. Wood, Treasurer of the Province of Ontario, and Wm. McMaster, President of the Canadian Bank of Commerce.



Sir Francis Hincks, K.C.M.G., C.B.



Sir W. P. Howland, K.C.M.G., C.B.



William Henry Beatty



Hon. William McMaster



J. B. Cherriman, M.A.



William Elliot



Edward Hooper



Hon. James Young



Hon. Thomas N. Gibbs

Active in founding the Association, these nine gentlemen are representative of those connected with the company at its beginning. Sir Francis Hincks, president for the first two years, was succeeded by Sir William P. Howland who held this office for 28 years. W. H. Beatty was president from 1902 to 1912. Professor Cherriman, our first actuary, later became the first Superintendent of Insurance for Canada.

The selling of an idea in embryo form is always an uncertain project. The entrepreneur must create financial and moral backing where none existed before. During the two years from 1869 to 1871, Mr. Macdonald and Mr. James Beatty of the legal firm of Patterson and Beatty and, in the initial stages, J. M. Trout, founder of the "Monetary Times", were associated in getting the project underway. Substantial support developed making it feasible to draft an application to the Dominion Parliament for incorporation of a new life insurance company along the lines suggested by Mr. Macdonald. These activities led to the events in Ottawa described earlier.



The original name gave way.

The photo of the preliminary prospectus shows those associated with the company at the outset. Note that Mr. Macdonald is listed only as "Manager". It was to be some 41 years before he reached the president's chair. The delightful story is told that when he was appointed in 1912 (at age 74), one of the

Directors said it was because "he now had sufficient experience to become president of the company". In fact, he resigned as manager in July, 1871, even before our doors opened for business, in order to devote more of his time to broader organizational work. Much of this involved trips to different parts of Canada to, in the early stages, find backers for the venture and, later, set up agencies.

One would hardly think of our distinguished founders as promoters. But that is what they called themselves in the prospectus. "In presenting this scheme to the Canadian public", they said, "the Promoters are convinced that the time has fully come when an institution of this character should be established in Canada..." In a later passage they refer to the principle of limited interest of the stockholders in the profits from participating business (a provision that was later to become part of Canadian insurance legislation in modified form): "The leading aim of the Promoters, and the chief purpose of all interested in the organization of this Association, is to conduct it in the interest of the POLICYOWNERS — giving to the stockholders only a moderate return for their investment, the rate of the dividends being limited by express provisions in the charter."

One of the difficulties in getting to know what our sponsors were like is that we can only see them through events screened by a century of time. Certainly they were astute men, willing to take a risk but hedging this with considerable business acumen. Each sported a healthy mustache, a beard, or both, which somehow seemed fashionable and lent dignity to their demeanour. We see evidence they were men of substance, of principle, as well as action. Given as much knowledge of current affairs as they had of conditions in 1871, how would they fare today? Perhaps with rather amazing results. There was tremendous energy and alertness to their activities, and they seemed to demonstrate a concentration and application towards their goals that would stand out even in 1971. Whether the relative simplicity of the social and business structures in which they operated gave them an edge which our complexity has lost, is a matter for judgement. Yet they acted with a conviction that can be admired and for which the present organization can be justifiably grateful.



Typical \$12 outfit.



St. James Street, location of an early Confederation Life office in Montreal.



Bank employees' children pose while holding coin bank like the one above. Our office lower left.

It was some years later when Mr. Macdonald admitted it had cost just \$400 to get the company started. It is obvious this represents out-of-pocket costs and not total costs. For example, his time and travelling expenses prior to opening can not have been included in this figure, and these were undoubtedly the most valuable kind of services the young organization could hope to receive. The type of cost included was probably the kind referred to in Mr. Macdonald's letter of June 12, 1871...

Toronto, 12 June 1871

F. Patrick Esquire, Ottawa

Dear Sir:

Yours of the 7th with the acct. for copies of the Act of Incorporation came to hand on the 9th. I should have acknowledged it at once but have been too busy. I leave tonight for Montreal but hope to return on Wednesday. Will you draw on me at sight for the amt. of your acct. \$59.69. Draw that it may be presented Thursday or Friday to give me time to get back.

I would be obliged to you if you would kindly send me a copy of the last Insurance.....* With thanks.

Yours very truly

J. K. Macdonald

*the last word is indistinguishable in the handwritten copy.

Even when steak cost 10¢ per pound, a good quality man's suit could be bought for just \$12 and corporation and income taxes had not been thought of, \$400 for the base cost of establishing a new financial corporation has to be considered a bargain. Today, few comparable investment opportunities exist, but the regard for value received from expenditures and investments—especially when it is policyowners' money in trust—still sensibly dominates all our operations.

In reality, the \$400 is a fictitious figure. To get a licence to operate required that \$50,000 from subscribers be deposited with the Department of Finance in Ottawa. Conditions favoured the company in this preparatory stage and Mr. Macdonald was able to write on May 20th to an interested party in Hamilton...

My Dear Sir:

The stock has gone at such rapid rate that I can scarcely yet realize that the limit for the province of Ontario has been reached.

(and later in the letter)

...will you let me know by telegraph what amount you want... and I will do the best I can to get it...

THE CONFEDERATION LIFE

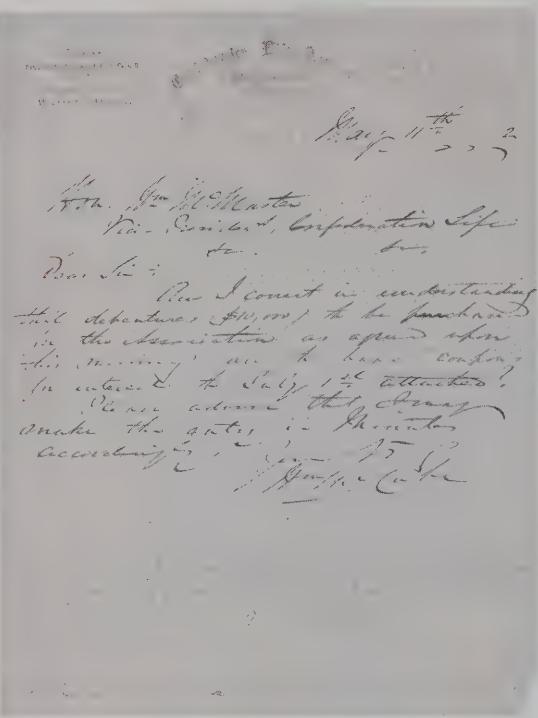
Association of Canada wants Agents throughout the Dominion; also two Inspectors of Agencies to be paid by a Salary and Commission. The latter two appointments will be made on the 12th instant; personal application therefor preferred, but if by letter, send names of references to

W. McCABE,
General Manager, Macnic Hall, Toronto.

By June all subscriptions had been taken up and in September the required amount was remitted to the Finance Department. On September 26, 1871, the company licence was issued. By October 31st. of that year, rates for six different policies had been calculated, one application had been received and Confederation Life was in business. The first application was a particularly sound risk. The insured lived until 1928, enjoying a long and distinguished career. Mr. Macdonald evidently had abundant confidence in the company he founded.

The records make it clear that wide interest had been generated in the new company. Not only did the stock subscription go well, with participation from all parts of Upper and Lower Canada as well as the maritimes, but the response to advertisements for agents was equally encouraging. A file of some 500 incoming letters during 1871—all in longhand—contains over 150 applications for positions of agents, inspector of agents, office jobs and medical examiners. The remaining correspondence is mainly from people listed as references by applicants and follow-up letters from the applicants themselves. In some, insurance sales are listed from those who were appointed. Obviously Mr. McCabe (appointed manager when Mr. Macdonald resigned this position) was a very busy man.

The letters of application are an interesting commentary on the period. Couched in the formalized style of the times, some managed to show a surprising aggressiveness and rather more modern



CONFEDERATION LIFE ASSOCIATION.

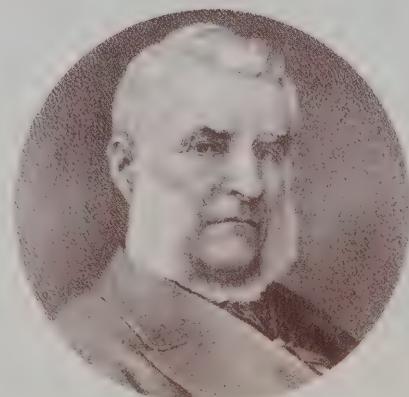


CONFEDERATION LIFE ASSOCIATION.

Three name styles from the early period.



Policy engraving form that won a competition.



Sir Francis Hincks.



Sir William P. Howland.

directness. The following letter is typical:

Montreal, 11th September, 1871

W. McCabe, Esq.
General Manager, Toronto

Sir:
With reference to the above advertisement, I would respectfully beg to apply for the situation of Inspector of Agencies named therein. I have had considerable experience in Life Insurance, and also, have an intimate knowledge of, and large business connection in, both the Upper and Lower Provinces.

I am permitted to refer to the gentlemen named on annexed page.

Yours truly,
Edwyn Grant

A few came immediately to the heart of the matter like this letter from a Mr. William Johnston:

September 9, 1871

Manager, Confederation Life
Association, Masonic Hall,
Toronto, Ontario

In answer to your advertisement for agents, I would say that I would take an agency and commence right away if it will pay well.

Yours truly,
William Johnston

Quite a number of these applicants joined Confederation Life and remained with the company for their business careers.

The early success of the stock distribution and the evident interest in the new company by people who wanted to join it gave this early period a momentum that carried it forward for many years. For a beginner, these first years produced remarkable business results. Six months after starting operations, 513 policies for \$831,000 had been issued.

At the Board meeting, April 30th, 1872, where these results were reviewed, a telegram from the agency inspector visiting Peterboro stated he had mailed 22 applications that morning and 12 more would be forwarded the following day. By the end of the first year 1,206 policies had been issued for \$1,838,290 and our first death claim paid. This was \$1,000 on behalf of a well-respected young Oshawa, Ontario man, Mr. Martin Ragett, who was accidentally killed alighting from a moving train after just missing his stop. The circumstances of his death and his pend-

ing marriage scheduled for a few days later combined to create quite a sensation and the shops in Oshawa were closed for his funeral.

In 1871, Canadian railways operated a total of only 2,695 miles of track. Two years after Confederation Life started business, the North West Mounted Police — now the Royal Canadian Mounted Police — was formed.

For the first 21 years the company rented office space. It was not until October 1892 that a new Home Office building was opened at Yonge and Richmond Sts. in the heart of Toronto's business district. The building occupied 21,500 square feet of land and was seven stories high in the west section, six in the east section. This compares to the original two-room office in the Masonic Hall, 18 Toronto Street. The first office gave way to larger quarters in the Temple Chambers at No. 23 in August 1874 and still more space at No. 15 Toronto Street in October 1879. The move to our present ten-storey building at Bloor and Jarvis Sts. was made in June 1955.

Although the company got off to an excellent start there was a brief period in the early months when cash inflow did not quite meet cash needs and Mr. Macdonald was forced to write and ask for an extension of two months to pay our rent. Fortunately this was given or we might temporarily have been a company without a home.

On several occasions the company took over blocks of business from other insurers. The first was in 1874 when we agreed to accept the Canadian business of the St. Louis Mutual Life Insurance Company. There were 70 policies insuring \$104,300, all but 11 for \$23,800 payable in gold. R. S. Baird, then Toronto Manager for the St. Louis Mutual, came with the deal and subsequently became one of the most influential and respected insurance men in the city. He stayed with Confederation Life until the time of his death in 1921, a period of 47 years.

The appointment of H. J. Markland as a representative at Winnipeg, Manitoba, in January of 1873, some months before the incorporation of that city, commenced a long association with the growth of the west. In September of 1878 Mr. Macdonald visited Winnipeg and his report noted "it only lacked 18 hours of two weeks till I was put ashore and in a mud bank at Winnipeg..." From that point, Mr. Macdonald



Toronto Street, where it all began, site of first three offices.



Yonge and Richmond, about 1880.



Architects competed to erect this . . . "magnificent pile of buildings".



reports, progress was by the slow and uncomfortable ox team and cart. Travel was a matter of uncertain conditions in those early days!

At the second annual meeting, December 10, 1873, Sir Francis Hincks resigned the presidency to be succeeded by the Hon. William P. Howland who had just finished a five-year term as lieutenant-governor of Ontario. Sir Francis held a long association with government. In 1851 he became prime minister of Canada. Later he was the finance minister in the first parliament of the Dominion of Canada after the confederation of the provinces. One of his achievements was to establish a decimal currency system against a considerable pressure to continue with pounds, shillings and pence. In retrospect, this becomes all the more noteworthy in the light of the British changeover to the decimal system on February 15, 1971. Mr. Howland, later Sir W. P. Howland, was a director of the company until his death in 1907 at 96. He was president from 1873 to 1902—a period of 28 years. Born in the United States, he came to Canada in 1830. As a minister of finance in 1866, he was a member of the delegation that went to London for the conference at which final terms of the British North America Act were decided on before Confederation.

A marked depression hit Canada and the United States in 1874, yet business in force increased during 1875 by nearly \$1,000,000 and Confederation Life stood second in Canada for new business.

Following the annual meeting of April 13, 1875, Mr. Macdonald was appointed managing director. The act establishing a department of insurance for the Dominion government came into force that month and Professor Cherriman resigned as actuary of Confederation Life to become Canada's first Superintendent of Insurance.

The first application forms in French were issued in 1876, and the first agent's conference was held at Home Office in July of 1877.

By 1879 the Home Office staff consisted of five men and, in July, James Tower Boyd was taken on as a junior clerk. He retired half a century later as general manager of agencies, having visited many parts of the world and seen his son, Norman S. Boyd, well started on a career with the company which had already exceeded 35 years. His younger son, Capt. J. Errol Boyd, was the first Canadian to fly the Atlantic ocean, in 1930.

F. L. H. Sim became the company's first "shorthand writer" in 1880 and was for some years Mr. Macdonald's personal secretary. The first typewritten letters appear in the company files of April 1881, although Mr. Macdonald wrote the more important ones by hand for many years to come.

Early in the year 1883 the company passed the \$10,000,000 mark for business in force and, following the tenth annual meeting, the capital stock was increased from \$500,000 to \$1,000,000.

On November 7, 1885, the Canadian Pacific Railway trans-continental line was completed and the last spike driven at Craigellachie, B.C. The first through passenger train left Montreal for Port Moody on the Pacific, June 28, 1886.

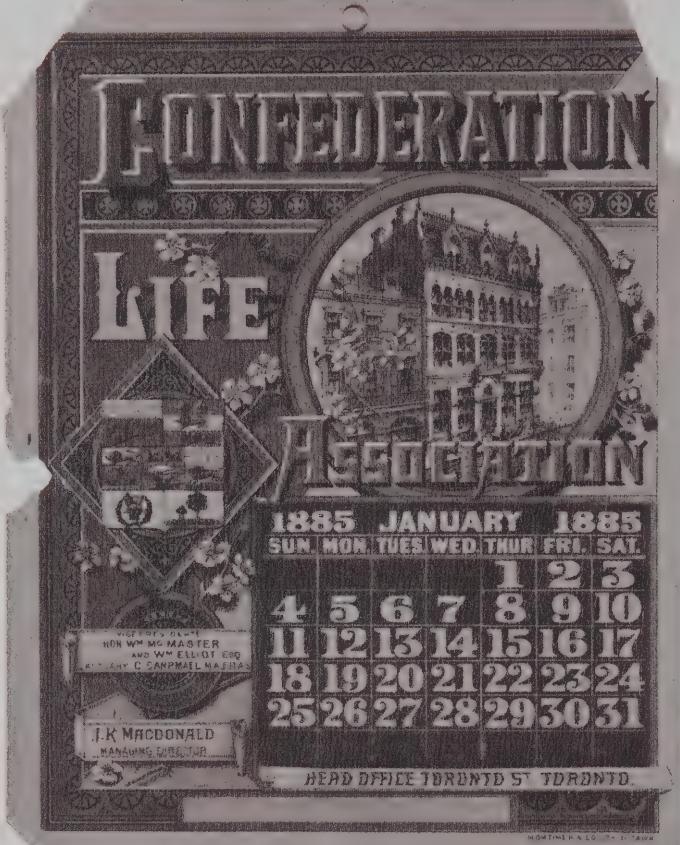
Charles R. Dent was appointed second junior clerk in the nine-man Home Office of 1886, and edited "Agency Notes" from the first issue of February 1903, to 1921. In 1914 he was appointed inspector of branches and in 1924 secretary of the company. He retired March 1, 1937, after 51 years' service.

By 1889 a considerable part of the block bounded by Yonge, Richmond, Victoria and Queen Sts. had been acquired for a new Home Office building. In May of that year a plan for the whole block had been prepared and architects were invited to compete for the design of a building facing Richmond St. which would fit in with the existing structures. The winner would be awarded the contract, the second a prize of \$500, the third \$400 and the fourth \$300. Eighteen designs were submitted from both Canada and the United States with the Toronto firm of Messrs. Knox, Elliot and Jarvis coming first and Messrs. James and James of New York second. Because of its size and design the new office aroused much favourable comment. One paper reported:

"The new building is a noble addition to the architectural output of Toronto and one which would grace the finest street of the greatest city of the world".

Complimentary words from the press! Earlier, the May 23rd, 1891 edition of the Daily Mail described it as "the magnificent pile of buildings now in course of construction for the Confederation Life Association".

In June of 1889 the directors removed from participating policy contracts all customary conditions as to residence and occupation of the insured, except for military service. In September of that year the



Christmas 1885 was on a Friday.

Confederation Life Association	
HEAD OFFICE,	TORONTO
PRESIDENT:	
HON. SIR W. P. HOWLAND, C.B., K.C.M.G.	
VICE-PRESIDENTS:	
E. HOOPER, Esq., W. H. BEATTY, Esq.	
DIRECTORS	
W. H. SEBELL, Esq.	A. MELHOWARD, Esq.
WALTER S. LEE, Esq.	W. H. MORRISON, Esq.
J. A. MACDONALD, MANAGING DIRECTOR	GEO. MITCHELL, Esq.
J. P. FREDK. WYLDE, Esq.	
W. D. MACDONALD, Attorney	
Progress	
MADE DURING THE YEAR 1885:	
Increase in Lives Insured	748
Increase in Premium Income	81,187.32
Increase in Policies in Force	748
Increase in Cash Surplus	32,686.19
Increase in Dividends to Policyholders \$29,855.57	
Increase in Total Income	84,320.70
Increase in Premium Income	64,139.31
Increase in Assets	488,808.19
Increase in Insurance in Force	81,956,379.00
PROVISIONS AND BENEFITS	
THE UNCONDITIONAL ACCUMULATIVE ENDOWMENT PLAN.	
THE POLICY IS ENTITLED TO AN INCREASE IN PREMIUMS EACH YEAR, AND THE DIVIDENDS ARE GRANTED AFTER THE FIRST TWO YEARS, SO THAT THE FULL BENEFIT OF THE PLAN IS OBTAINED IN A BRITISH RATE OF INTEREST. THE POLICY IS ISSUED IN THE NAME OF THE INSURED, AND THE HEAD OFFICE IS LOCATED IN THE CITY OF TORONTO.	
PRINCIPAL AGENT STAFF	
F. J. JONES, Manager	H. M. McNAUL, Assistant Manager
W. H. MORRISON, Manager	L. E. KELLY, Manager
W. D. MACDONALD, Manager	T. W. BYRD, Superintendent
W. H. SEBELL, Manager	R. J. JOHNSTON, Manager

Early advertisements to arouse interest.



...A...

Few Years Hence...

YOU
MAY
NOT

Be able to earn the income you are now in receipt of. When such

A TIME COMES

a policy of insurance on the Unconditional Accumulative Endowment Plan in the

IN DUTY BOUND



ANY man or woman who has any dependence on him or her, for whom provision cannot otherwise be made, is in duty bound to see that such dependent is not destined by his or her death.

By a policy of insurance in the CONFEDERATION LIFE ASSOCIATION on the Unconditional Accumulative Plan complete and unquestionable protection is immediately secured.

The policy has but one condition, viz., that the premium shall be paid. It is entirely free from restrictions as to residence, trade or occupation, the insured being at perfect liberty to travel or reside in any part of the world.

RATES and other information desired will be sent on application to the Head Office, Toronto, or to any of the Association's agents.

Confederation Life Association.

Head Office: Toronto.



company made its first mortgage loan in British Columbia. At the end of 1890 business in force totalled \$19,311,780 and assets \$3,320,200. Total income was \$772,122, of which \$621,484 was premium income.

On May 5th, 1894, Mr. Macdonald sent letters to the eight Managers of Life companies with head offices in Ontario suggesting a meeting to discuss problems which were facing the industry. This meeting, held in an ice cream parlour on Temperance Street, led to the formation of the Canadian Life Managers Association, the first organization of life insurance companies on the continent. This cooperative organization quickly became one of the most influential groups fostering equitable principles in the conduct of the life insurance business.

The interest and initiative taken by Mr. Macdonald on this occasion developed into a company tradition of involvement in the broader concerns of the industry that operates up to the present. In 1900 Mr. Macdonald became president of the Canadian Life Managers Association and, later, held this office for three consecutive terms after it became the Canadian Life Insurance Officers' Association in 1901. Both Mr. Macdonald's son, C. S. Macdonald, and his grandson, J. K. Macdonald, were elected to this presidential office during the time they were at the helm of the company. In 1936-37, V. R. Smith, then general manager, and in 1963-64 B. T. Holmes, vice-president and actuary, also served as president of this Association. The current Canadian Life Insurance Association name was adopted in 1965. Over the years there has also been extensive participation by senior company personnel in the many industry organizations that were subsequently formed.

By 1894 cheques for claims were sent out by re-

turn mail after receipt of completed proofs, and between 1891 and 1900 the average time for the processing of a claim was $3\frac{1}{2}$ hours.

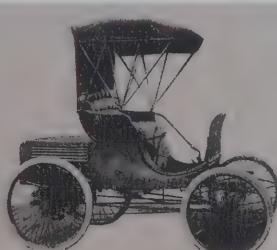
These were momentous years in the world at large. In 1891 Edison started the vast motion picture industry by perfecting his moving picture projector. On July 4, 1894, the first gasoline automobile was tested. In 1896 Marconi invented the high-frequency wireless telegraph, and gold was discovered on Bonanza Creek in the Klondike.

During the early years, the concentration was on the Canadian character of the company. Our initial excursion outside Canada was in Newfoundland where the first policy was issued in 1876. We withdrew in 1888 when the Newfoundland legislature required all outside companies to deposit \$25,000 as security for Newfoundland policyholders, re-entering in 1893 after deciding to make the deposit. Interest in conducting business outside Canada developed gradually. In the 21st annual report of 1892 the following comments appear on this subject:

"The question of extending operations of the Association to points outside of Canada is one which may require more than a mere incidental consideration from your Board and if at any time it should be decided to go outside, operations will be restricted to countries where the mortality will not injuriously react upon home policyholders".

The internationalization of Confederation Life was a carefully thought out process. From this point on, the subject came up with increasing regularity in Board meetings. In 1896 a detailed investigation was undertaken and a special meeting of the Board was held in October of that year to consider the prospects for entering Great Britain, United States and the West Indies. No commitment was made but the work was preparatory to some early decisions after the turn of the century. Competition had been increasing in Canada and, from 1893 to 1898 a world-wide depression combined to make business harder to get, leading to consideration of other marketing areas.

In 1900 the company had over \$32 million in force and had become a major financial organization. From the beginning, the press showed an interest in Confederation Life and this led to many favourable reports in the early years. Advertising and pamphlets were extensively used to make the company and our agents widely known. But publicity was not



The Winton, a true horseless carriage. Late 1890's.



Total Home Office staff photographed about 1892.



Victoria's, Montreal. Stanley Cup Champions—1898.



Only the top portion was used in 1899.

Montreal Shamrock Hockey Team. Stanley Cup and World champions—1899.

without its strong language. In April 1885 one Toronto paper, the Canadian Sportsmen, took a full editorial page to blast Confederation Life over the contesting of a claim, the celebrated "Widow Miller" case of Markham, Ontario. The language is reminiscent of the description of the nefarious villain in an old fashioned play with, of course, Confederation Life as the culprit. About this time, too, pamphlets were issued by several firms openly attacking other insurance companies and justifying their own positions. Principle and Virtue were hotly defended with each contestant claiming these for his side. The verbal excesses in this period eventually led to a greater respect for competitors and a toning down of the more virulent claims without apparent loss of competition. In a company circular to agents in December 1886 we find the following illustrative language:

Gentlemen,

Managers and Agents of rival companies have used all sorts of means to damage the business and reputation of the Confederation Life. No statement, however exaggerated, or lacking even the semblance of truth, has been too much for them to make, and no medium, however low and obscure, has been considered unworthy of their purchase. A discerning public will sooner or later see through and condemn such dishonorable tactics.

The intense rivalry evidenced here serves to point up the character of the times and the forthright way men thought and acted. By 1896, a more rational tone begins to take hold although verbal turbulence was not to be entirely a past business experience.

As our 25th year closed, news items in a wide number of papers reported on the company and the results it had achieved. These were complimentary as indicated by some of the headlines: "A Well Managed Company" (Globe, 17 March 1897); "A Good Year for a Good Company" (Telegram, 20 March 1897); "Prosperity The Result of Good Management" (Montreal Witness, 20 March 1897). A Canadian business magazine, The Economist, started its report in these terms:

The argument involved a question of misrepresenting and suppressing facts in the original application. Notice of cancellation of the policy was sent prior to, but apparently not received by, the time the policyowner, George Miller, died in August 1884. After two trials in lower courts, the case finally went to the Supreme Court of Canada in 1887 where a decision was given in favour of the insured's estate.

BRILLIANT RECORD OF TWO AND A HALF DECADES

Another Canadian Monument Achieves Its Twenty-Fifth Year
 "It cannot be otherwise than a matter of gratification to Canadians to view the continued and steady progress of its now somewhat numerous life insurance institutions. Year by year evidence are furnished of substantial progress, steady development and expansion in the business done by them, which places them on a rank with the older, and perhaps larger, companies of Great Britain and the United States. The management is, we may say, without exception, in the hands of those both honest and capable, and who, we may rest assured, while conserving the best interest of their several companies, will jealously guard in all respects the sacred interests entrusted to their keeping."

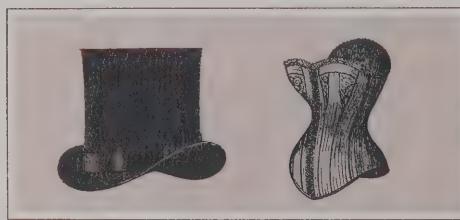
Although the occasion was our 25th anniversary, the author thought well of the young industry that was developing in Canada.

As the 19th century and the Victorian era were ending, Confederation Life had established itself as a major financial organization in Canada and was preparing to expand its operations into the international arena. Business conditions were changing, the early efforts and problems were history, and the impact of the 20th century was an open challenge of unknown dimensions. The company was financially strong and, with an outstanding organization and staff, was to continue its service and progress as part of the emerging scene. We had built well and were well prepared for what was ahead.

Sunday, December 31st, 1899, was cold and windy in Toronto. The thermometer hit 5 below on the 30th and predictions were for some light snow. Railway men found the intense cold made it "difficult to steam up and keep pipes from freezing" and trains were delayed because of the weather. If you happened to be house hunting you could get a 12 room home with "hardwood floors, square hall, electric light, Daizy hot water heating, butler's pantry, laundry, veranda and balcony", for \$5,400. The market was firm and Wall St. showed general gains at the year end. In Montreal it was hockey night in Canada on Saturday when the Shamrocks and the Victorias played in the Arena. New goal nets were used "for the first time". There were "Big Doings in Texas" where presidential candidate Bryan was slated to ride an Ostrich. Datelined Austin Texas, Dec. 30, 1899, the story began... "Ex-Governor John J. Hogg is determined to give Col. Wm. Jennings Bryan a good

time during his stay in Austin". On the same day, Winston Churchill filed a story from Pretoria via London. Then a correspondent of the Morning Post, he said there was no cause for concern about the British prisoners at Pretoria. The Children's Hospital of Toronto took an advertisement on Dec. 30th suggesting Torontonians "start the New Year right with a deed of kindness".

Many must have taken this sage advice for a headline on January 2nd reads: "It Was A Dry New Years". "There were but four cases of drunk in the police court this morning", the story explains, "which speaks well for those who make the holiday an excuse to load up on what is known to the talent as a 'highball'". And then the cropper: "It is a drink that makes one forget his troubles and imagine he has money". Perhaps it will make a comeback in 1971. Men who were flagging could find renewed vigour by taking the "Wonderful remedy that gives new life and strength to weakened mankind". And it was "free". "Send name today. It is free and will make you strong and vigorous for the rest of your life". January white sales were as familiar then as they are today. Silk toppers could be purchased for \$5.00 and ladies corsets (special clearance—blue and pink) for .25¢.



Not much was said about the future. Even with the emerging new century there was little speculation about what the 20th would hold. In this sense, life at the end of the 1800's was simpler than now and people were sufficiently content to apply themselves to their current duties. One made certain plans for the future—e.g. life insurance—then concentrated on the present. Yet our conditions today grew from these foundations and, in many respects, with the passing of December 31st, 1899, the world was never to be quite the same again.





Canada, vintage 1900.



Stalwart agents from the west.



Original Wright brothers plane in the Science Museum at South Kensington, England. It was returned to the United States in 1948.



Trinidad office and personnel, 1902. A clean operation.

At the start of the 20th century, Confederation Life was well established and confident. Its stretch now reached from Vancouver to the Atlantic and beyond to Newfoundland with all ten of today's provinces included. That energetic and remarkable gentleman, John K. Macdonald, had just passed the mid-way point in his career and showed no signs of slackening interest or effort. By 1900 the company assets had grown to over 7½ million dollars with business in force of over 31 million. During 29 years of operations, more than 6 million dollars had been paid to policy owners and beneficiaries and a further 7 million was earmarked for payment of future benefits. In terms of purchasing power in today's dollars, these amounts would represent considerably more than the bare figures suggest.

The pace of events both for the company and the world was perceptibly beginning to quicken. In 1901 a new 5% twenty year Gold Bond Policy was introduced. In 1902, Marconi beam-

personal impetus. Our founder, Mr. Macdonald, among many other interests, supported the foreign mission work of the Presbyterian church. With this concern, it was not unnatural for him to agree to studying the opportunities for extending the company's work abroad. Starting with Trinidad in 1902 and Jamaica and Mexico in the same year, we opened in the United Kingdom in 1906, Cuba and the Canal Zone in 1908, Guatemala and San Salvador in 1912 and Costa Rica in 1914. During the war and post-war years no further extensions were made until 1926 when we entered the United States via New York State for reinsurance purposes. The same year also saw a new office in Curaçao. The Dominican Republic was next in 1930, British Honduras in 1932, Hong Kong and Singapore followed quickly by Puerto Rico in 1934, and Hawaii in 1935. After starting an office in Colombia in 1938, seven years elapsed before moving into Venezuela in 1945.

Not all these international offices were to remain open and active. The prime consideration was whether conditions for the satisfactory production and maintenance of business continued to be possible. A number of areas have become major regions for development. Others, like Cuba, Hong Kong and Singapore, are not now active because of changed political conditions.

A vital requirement for a business making long term financial commitments is the successful investment of its funds from which claims and benefits are paid. Over the years of our history, interest rates have varied widely, reflecting shifts in the then current economic outlook. The highest average interest rate earned by Confederation Life was 7.30% between 1879 and 1883, the lowest (in 1948), 3.61%. This dramatic difference, connected by gradual up and down changes, suggests the difficulty in establishing guaranteed premium levels for the long term contracts the company sells. The keenest of minds are required for this type of actuarial and investment problem and, in large part, the soundness of the company today is due to the competent investment and actuarial leadership we have traditionally enjoyed. Internationally,



Marconi wireless station, Glace Bay, Nova Scotia.

ed the first transatlantic wireless message from Glace Bay, Nova Scotia, to Cornwall, England. A year later Orville Wright flew the first power-driven plane over a short distance at Kitty Hawk, North Carolina. The concentration of effort and innovation was shifting towards a wider domestic and international audience which would shrink our world and enlarge our horizons at a rate that would accelerate well into the current era.

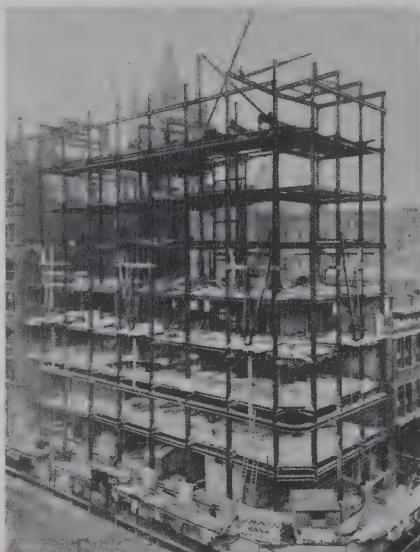
For Confederation Life the extension into international operations, undertaken in all instances for sound business reasons had, as well, a



Early construction methods produced . . .



an impressive structure for our 1908 Annex.



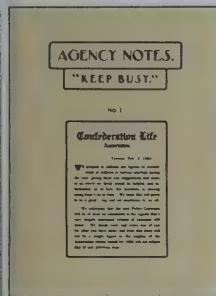
*Some may have thought it was a Dominion
Bank building.*



W.H. Beatty.

the company adopted a policy to invest locally in each territory or country if suitable investments were available. Today this is a minimum government requirement in several areas where we operate.

In 1902, one of the founders and president for 28 years, Sir William P. Howland, resigned and W. H. Beatty, a member of the Board from 1871, became the third president, holding that office for 10 years. He was also president of the Bank of Toronto and the Canada Permanent Mortgage Corporation. The form of a large modern corporation with a full range of indigenous specialists took a step forward the same year with the appointment of C.P. Smith, the first full-time company solicitor. By 1903 another element that was to survive and grow was added.



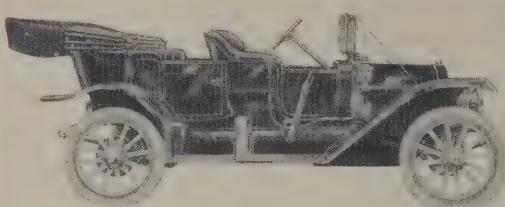
From 1903 non-stop through 1967.

The first copy of Agency Notes appeared in February, 1903. With unusual continuity, the publication of an agents', and more recently a total staff magazine, the Courier, has been part of the progress of the company.

The pre-war 1900's were starting points for a number of activities that would profoundly affect our way of life both in the business and social spheres. Radio and flight had been successfully demonstrated. In 1905 the State of New York appointed the Armstrong Commission to investigate alleged insurance abuses and, in 1906 a Canadian Royal Commission was appointed for the same purpose. As president of the Canadian Life Insurance Officers' Association, Mr. Macdonald presented recommendations to the Minister of Finance in connection with the ensuing Insurance Act of 1910. The

subject of government supervision of life insurance was a lively one during this period. The Agency Notes for December 1905 carried a report by W. Fitzgerald, Superintendent of Insurance for the Dominion of Canada, outlining the supervision arrangements under which companies operated in Canada. The same issue, presumably by way of reassuring our staff, gave an explanation of supervision practices and regulations in Great Britain and the United States, ending with the conclusions: "The information as to the affairs of British companies is not given in any greater detail, nor are the Government reports more widely circulated than in Canada . . ." and . . . "It may be fairly claimed that the system of Government inspection which obtains in Canada is generally superior to that in the United States". While our predecessors felt free to make these bold comparisons, the significant fact is that, in each of these jurisdictions, life insurance has been and is today one of the most carefully regulated and inspected industries. When we entered the United States through New York State in 1926, the thinking in the previous quotes about government supervision had changed and the January 1927 Agency Bulletin reported . . . "Probably in no other country in the world are the life and other insurance requirements and regulations so strict as in the State of New York". This changed situation may well be credited to the findings of the 1905 Armstrong investigations.

The Life Underwriters Association of Canada and the Life Underwriters Association of Toronto were formed on June 4, 1906, with a number of Confederation Life men taking a prominent part. W.H. Richardson, manager of the London Ontario Division for many years, was elected to the executive of the Dominion Association. His son, L.M. Richardson, has been with the company since 1931 and is now Insurance Services Consultant in the Individual Insurance line, and his daughter, Thelma, retired recently after 38 years with the company, most of it in actuarial work. Our United Kingdom operations also began in 1906 with a chief office in Temple Bar House in London and branches in



6-7

TO THE PRESIDENT,

Sir, — Yours, etc., J. L. A.,
R. S. T., etc.

Dear Sir,

You will note that the racing Director of the
Automobile Club of Canada has let me

know that he will be here Saturday for Mani-
toba Island, to be about a week. He has sent your mes-
sage to me, and I request that I acknowledge the receipt of

the same, and that you will be pleased to forward

it to yourself or, if not, if you will leave. The

Automobile Club of Canada has it if a car

is wanted, and I would like to take to drive

it, as I have definite confirmation from

the latter that he will give the matter further attention on his return

Yours very truly,

John Kay Macdonald, President.

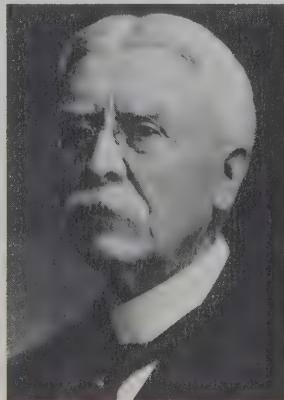
which he proposes purchasing here. No longer wheels than any

which can be obtained there; has 1912 engine; top gear droops;

extra tire; chains, cables and speedometer.

John Kay Macdonald, President.

Our first car, Buick, Model #27. Note comment about learning to drive. No chauffeur provided, but there was a speedometer.



John Kay Macdonald became president in 1912 at age 74. Always active, he enjoyed hunting and the 1913 photograph at right shows the gear he carried several miles to the camp site.



On the "Chippewa". Agents' outing to Niagara, 1904.



Maritime Express, February 1905. Sometimes at a snail's pace.



Bristol, Birmingham, Manchester, Liverpool, Glasgow and Dublin. Over time, the United Kingdom has become one of our major marketing areas and is now a semi-autonomous operation consisting of a Chief Office and 28 active branches with a total complement of 504 people.

Our "magnificent pile of buildings" on Richmond Street, received further publicity after the Annex was opened in 1908. On September 27, 1909, Toronto World made this report:

Richmond Street

The Home of Confederation Life Association

"Fifteen years ago, Confederation Life Association was the first to discover Richmond St., and put up what was for long the handsomest building in Toronto, if it does not still hold the title. The immense addition recently made, carrying the structure on Victoria north to Queen St., shows what value the company still places on the locality . . ."

In 1910, the customary residence, travel and occupation conditions were removed from all new policy contracts. Prior to this, many policies were void while the owner was travelling to places like the southern United States. A year later, the company introduced the automatic premium loan which prevented a policy from lapsing as long as the cash value was larger or equal to the premium due. By 1913 the total disability benefit was available on virtually all standard policies. This waived premiums while disabled. In 1918, a monthly income disability benefit was also offered. Confederation Life is one of the few companies that continued these benefits throughout the post-war and depression years and they remain features of most modern policies.

At 74, after 41 years of direct involvement in company affairs, John Kay Macdonald became the company's fourth and its first full-time president. This was 1912 and the clouds of international tension were beginning to accumulate. When the war broke on August 4, 1914, Canada acted quickly. By October 16 the first contingent of more than 33,000 men landed at Plymouth, England. In all, some 110 men from our



Calendar salute to our soldiers.

field and office staffs enlisted and 8 gave their lives. In the six war loans, forerunners of the gigantic Victory Loans of World War II, the company subscribed a total of nearly 7 million dollars.

A measure of the contribution made by the staff and company is elusive. Patriotism held a deep-rooted meaning in 1914 and the men and women with the company participated in innumerable ways to help the war effort. In January 1917, Colonel W.C. Macdonald, Actuary and Managing Director of the company had been on active duty for seven months as Brigadier in Command of the First Brigade when he was killed in a tragic accident at Toronto's old Union Station while seeing troops off that were bound for France. Col. Macdonald had served the company for 37 years.

The company's determination to co-operate with the war effort was expressed most clearly



The Robert Harris charcoal sketch. A basis for re-creating the lost painting.



Damage was extensive to the centre block of the Parliament Buildings. February 3rd, 1916.



Mixed collection of items saved from the fire.

Col. Macdonald's message to the staff shortly after hostilities started:

To all members of our staff who are of suitable age and physically fit, and have the desire to serve their King and Country in this great struggle in which we are engaged for freedom and liberty, we say, 'Go, God shield you'.

"We will do your work for you while you are sent on service, and your place will be secure for you upon your return to duty. Less we cannot say or do. No more sacred call has ever been made during the long period of our Empire's history than the one which now goes up: Enlist today; your King and Country need you."

The first policyowner lost in the war was Lieutenant Percy W. Wyndam of the Coldstream Guards. He had taken his policy out in 1913 and, on September 15, 1914, was killed while leading his unit in an attack through the woods near Chateau Soupir, France. The first staff member to give his life was Arthur R. Halsey, 21 years old, of our London, England, staff. He was killed in France on December 28, 1915, by the bursting of a shell. Mr. Halsey had been a staff for seven years prior to his enlistment.

On February 3rd, 1916, fire destroyed the centre block of the Parliament Buildings at Ottawa. Among the losses was the famous 1884 Robert Harris painting of the Fathers of Confederation. As a project for Canada's centennial in 1967, Confederation Life commissioned the well-known illustrator and painter, Rex Woods, to re-create the painting from sketches and a charcoal drawing which were fortunately still available. Fifty-three years to the day after the fire, on February 3rd, 1969, speaker of the House, the Hon. Lucien Lamoureux unveiled the 13' by 7' canvas before a distinguished gathering in the Railway Committee Room where it now hangs. In receiving the painting from the company's president, J.K. Macdonald, grandson of the founder, Mr. Lamoureux said . . . "I am honoured to accept this unique painting which has, in a very real sense, come back to its Parliamentary Home through the generosity of Confederation Life Association after an absence of half a century".

Even while great events impel us with irresistible force along pathways not of our choosing, it is essential for individuals and corporations to conduct their affairs with an eye to current personal or business requirements. Let these slip, and the ability to provide a high standard of service is immediately impaired. Thus, while intimately affected by the terrifying realities of war, pestilence and depression, as well as by the happier prosperities of the 20's, the key to our continued usefulness and growth was the myriad of business decisions and activities that had sensibly and daily to be taken. Our field force still sold insurance coverage and claims were paid with due regard to promptness. In the broader management of the company, personnel development and investment decisions were problems that existed despite—and sometimes because of—the growing intensity of national and international considerations. We were able to have a successful President's 80th Year campaign in 1917, the year of the Halifax explosion, and could cope with the earthquake that partial-



Damage in Jamaica earthquake of 1907.

ly destroyed our Jamaica office in 1907 and with the extra claims from the 1918-19 influenza epidemic (nearly as large as all war claims).

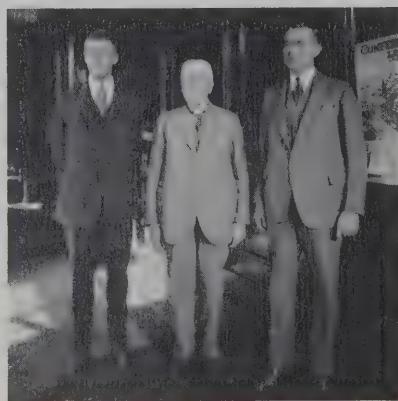
New people were making their appearance in the organization and others destined for prominent spots were progressively adding to their skills and talents. By 1914, V.R. Smith, who had joined the company in 1908, was appointed Assistant Actuary. Some 30 years later he was to become our seventh president. C.D. Devlin, who became General Manager in 1946, came to



Boyd-McCrae bridal party, 1926. Connecting two company families.



Sixty years of parallel progress, Dominion Day parade, Swift Current, Sask.



Three Macdonald generations, 1926. In all, over 51 years of presidential and nearly 150 years of overall service. At right, the elder J.K. chats with women staff members at the 1928 picnic.



the company as a part-time agent in 1911. Others from this period who became influential in company affairs include J.H. Birkenshaw, Assistant Actuary in 1922 and Assistant General Manager in 1939, J.L. MacLachlin who joined in 1914 and became Secretary in 1937, a position he held until his retirement in 1957, and William Boulton who became a staff member in 1917 and later Superintendent of the Central and Western Divisions. Early in 1918, Charles Strange Macdonald, son of the founder J.K. Macdonald, was appointed assistant to the president. He had come with Confederation Life in 1898 holding a fresh M.A. degree from the University of Toronto. In 1926 he became a vice-president and director and four years later was appointed president at the start of the difficult depression years, his presidency spanning fourteen years from 1930 to 1944. The year 1926 is also notable because this was the year John Kenneth Macdonald joined the company. The son of C.S. Macdonald, the young J.K. was destined to be rather suddenly confronted with the president's responsibilities on the death of V.R. Smith in 1947.

By 1913, the death of Hon. James Young left the original Mr. Macdonald as the sole survivor of the 21 who had applied for incorporation in 1871. By 1918, only 5 of the original 120 policies written during 1871 remained on the books.

A spirit of relief and relaxation from the war efforts characterized the 1920's. Despite the post-war "primary" depression in 1920-21, this was an era of growth. By 1930, the company assets had grown 200% from 1920 levels. Our founder, J.K. Macdonald, active until within a week of his death on July 4th, 1928, celebrated his ninetieth birthday on October 12, 1927, and special tribute was paid to his service at a Board meeting on that date.

In 1921 Confederation Life became the first company in Canada to issue policies without a medical examination. The original \$1,000 limit on first-class lives between ages 20 and 45 has since given way to the present \$35,000 at the early ages, diminishing to \$5,000 at age 45. This not only represents progress in convenience

for the public, but reflects the medical advances made during the last fifty years. Our 50th anniversary year in 1921, also saw the Family Policy introduced. This novel insurance idea provided coverage on the mother and children in proportion to the amount on the father, but was not destined for dramatic public acceptance until the late 1940's when it was "discovered" by many North American companies and introduced in somewhat more modern dress. The story of the Family Policy concept illustrates a common experience for a sound idea which is ahead of its time—first a limited interest followed, here over 20 years later, by some spark that catches public imagination. In 1971, the Family Policy is still part of our portfolio.

The Double Indemnity benefit was made available in 1922 and, along with the similar Accidental Death and Dismemberment option, it is still a feature of our insurance contracts providing for additional protection if death or injury occurs by accident. The revolution in modern high-speed travel and the risk of violent death this has brought probably accounts more than any other factor for the continued popularity of these supplementary benefits.

By 1927, Group Insurance became a fact, the first policy issued on this new mass marketing technique being G-1000 to Beatty Bros. in Fergus, Ontario. Our connection with this com-



Beatty Bros. From 1927 for almost 40 years.

pany has been in the best tradition of business associations for mutual service. Beatty Bros. was a client for nearly 40 years until they were bought out by another firm. An even longer connection began in 1928 through policy G-1001 with Findlay's, stove and furnace manufacturers in Carleton Place, Ontario. This policy is still in force.

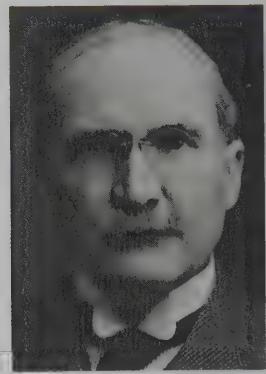
Although a comparatively late starter, Group Insurance is a phenomenon that has steadily



*Two lady representatives
from the 1930's.*



*The R-100 over the Bank of Commerce
building, Toronto, 1930.*



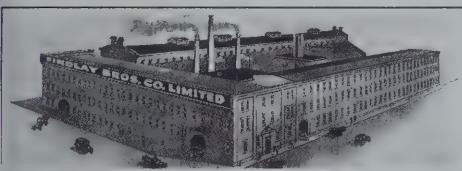
Peleg Howland.



Straw hats were in vogue for male representatives in the 20's and 30's.



Picnic styles 1924. Centre Island, Toronto.



Findlay Bros. A continuing business relationship.

expanded product services and applicability. At Confederation Life, the growth in Group coverage and services has been remarkable and shows little sign of abating although competition has become intense. Through this period, and even during the depression, new benefits were devised and added until, today, we offer a complete Group service in life, health and pensions, as well as an array of funding and administration options that can cover the requirements of any modern corporation. An indication of the acceptance of this form of coverage is the fact that, in recent years, our income from Group insurance has reached the level of income from Individual coverages.

With his death in 1928 at the age of ninety, the original J.K. Macdonald, founder, gentleman, and mentor of Confederation Life for over 57 years, was succeeded as president by Mr. Peleg Howland, recently named Chairman of the Board. Two years later, at age 74, Mr. Howland passed away and Charles Strange Macdonald, son of the founder, became the company's sixth and second full-time president. At the time, Mr. Macdonald, 57, had been with the company for 32 years during which he held a variety of senior positions, latterly as vice-president and general manager. From this point, all presidents were active in the affairs of the Association on a full-time basis.

The period of C.S. Macdonald's presidency covered 14 momentous years, the depression of the 30's and most of the second World War. During these prolonged events, the quality of the organization was tested many times and in many ways, emerging with a confirmation of the fundamental soundness of the business principles it had adopted. The "young" J.K. Macdonald who, at the time his father became pres-

ident had been with the company four short years, reminisced about the depression years during an interview that appeared in the company publication at the time of his retirement in April 1969. His remarks represent a perceptive grasp of the problems of the times, both on the human and financial side of our operations.

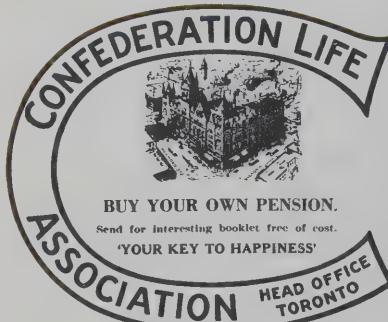
"The depression? The depression had a heavy impact on the company. It affected the business we sold and caused quite an increase in policyowner loans. You know, we were one of the first companies to offer the Total Disability benefit and at that time, it had a three month waiting period. Well, the depression brought a heavy increase in T.D. claims. Some of the companies stopped writing the benefit as a result but we continued although our experience led to the introduction of the six-month waiting-period clause. Perhaps some people found they could get more income by being disabled than they could get from their jobs. Whatever, the increase in T.D. claims was sizeable and I believe our non-par surplus went down to something under \$50,000. This would be in the early 30's, and I was then in the investment part of the operations."

"One of the results of the depression was that a lot of bond issuers were unable to meet their interest payments. I spent quite a bit of time on bondholder protective committees where we would work out a deal to protect our investment and buy time for the issuer."

"Confederation Life acted very fairly and responsibly during this period and it turned out to be good business too. There were some 2000 farm loans which were affected by the moratorium on mortgage loan repayments. We tried to keep the farmers on their farms and many remained as tenants. We became the owner of farm animal stock. When a new litter of pigs was born, the farmer kept half and we were entitled to half."



First multiply, then divide.



A strong emphasis on Confederation.

1871 Sixty Years' Security and Stability 1931

HOME CIRCLE and **CIVIC SQUARE**

1931 Commemorates the sixtieth anniversary of the Confederation Life Association.

Bonds Investments \$14,451,480

Life Policies \$7,948,225

Invested in Homes and Business Properties \$7,383,255

Bonds and Debentures of Cities and Municipalities \$3,277,976

Confederation Life Association Toronto

1871 Sixty Years' Security and Stability 1931

This series of advertisements of Confederation Life Association, which will appear in the leading daily newspapers of Canada about 1931—Montreal, Quebec, and Ottawa—will take the home and the municipality, two features that are always of paramount importance in the mind of every Canadian. It will also emphasize the fact that the Association offers the best possible home ownership; bond and debenture investments in cities and municipalities, and the need for moderate redemption insurance.

Diamond Jubilee advertisement.

1871 Sixty Years' Security and Stability 1931

From THE EARLY 70's

To 1931

The First of a Series of Diamond Jubilee Year Advertisements

SIXTY YEARS AGO

1871 CANADA'S first life insurance company, the Confederation of the Provinces, through bonds advanced steadily before a chain of offices was established throughout the Dominion. By 1875, there were 12 offices in operation, and by 1880, 25. Settlers coming in ever-increasing numbers, forming the small villages which were to become future cities, and soon after, the great cities of today.

In those stirring times of Confederation Life Association made its appearance in 1871, appearing in a newspaper for eight or ten months in every town and city, and in nearly all the newspapers right across the country, from Halifax, N.S., to Victoria, B.C. It also appeared in the daily papers of Newfoundland, daily press.

TODAY the Confederation Life Association is one of the largest life insurance companies in Canada, with more than 100 offices throughout the Dominion. Through its offices, the Confederation Life Association has met the needs of the Canadian people, and has provided a wide variety of services of protection and security. The growth of the Association during the long period of 60 years, and its success, is a distinguished record.

Confederation Life
Head Office
Toronto

1871 Sixty Years' Security and Stability 1931

Diamond Jubilee advertisement.



C.S. Macdonald.

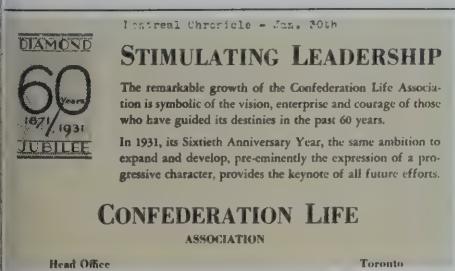


1933 baseball champions. The front row and the manager are still on staff.

Also, after deducting enough grain for feed, we were entitled to one-half the money from the sale of his crop. But we encouraged the farmers to stay and actually helped them out during the depression years. Fortunately, we were one of the few lenders who got 100% back on principal, although we lost some interest. But this built up a tremendous good-will for our company on the prairies that lasted well into the 40's. In fact, many still recall the stories of their fathers and grandfathers about the fair treatment received from Confederation Life which helped them retain their farms."

Canada, except for the prairies, fared comparatively well under the world-wide depressed conditions. On July 1st, 1937, Weyburn, Saskatchewan recorded a temperature of 114° F. At the following 66th annual meeting C.S. Macdonald noted "The year 1937 has been a most difficult one in parts of Western Canada especially in the drought areas of Saskatchewan and Eastern Alberta, where a national calamity has arisen . . . The voluntary outpouring of assistance from all parts of Canada has also been of great importance in maintaining the morale of a people who have suffered severely in the last eight years. The people of the West realize, as perhaps never before, that they do not stand alone, but are part of a nation, which believes that in due course the West will flourish and prosper as it has done in the past."

In 1931, the company was able to celebrate its



iamond jubilee with a sense of progress and possibilities only partially affected by the economic retrenchment. The affair, the occasion of a convention in Toronto for our international

field force, was addressed by such notables as Hon. George S. Henry, Premier of the province of Ontario, and W.J. Stewart, Mayor of Toronto. The tenor of the speeches were glowing, reminiscent and hopeful. References to progress were plentiful, not only with respect to life insurance benefits, but in all phases of society's development. As V.R. Smith, assistant general manager and actuary, noted—in 1871 Toronto had a population of 59,000 while, in 1931, it was 800,000. Winnipeg even more spectacularly grew from "merely a collection of huts, an insignificant village of 240 people" to "a thriving city of a quarter of a million people". Mr. Smith also observed the changed character of business ethics, especially in the life insurance business, when he stated . . . "as late as the early years of the present century . . . company officers attacked, or permitted their associates to attack, other life companies, impugning their motives, questioning their honesty and, sometimes, even their soundness and solvency". "How could we", he asked, "expect the public to have confidence in us, so long as we persisted in crying from the house-top that everyone in the business (except, of course, ourselves) needed careful watching?"

Yet the confidence was there, as witness the continued growth of Confederation Life and the industry. By 1931 we had \$369 million of coverage in force and assets of \$81 million, both more than 2½ times the 1920 figures. Even during the depression years, benefits and protection grew, although at a slower pace, and at the beginning of the fateful year 1939, in force was reported at \$421 million and assets over \$125 million.

At the 1931 annual meeting C.S. Macdonald summed up the optimistic spirit that still prevailed: "While the outlook for improvement in general conditions is still somewhat obscure, it is hoped that an upward turn will take place by the middle of the present year". Indeed, although premature, it was this looking forward, this undercurrent of hopeful optimism, which played a part in our economies gradually working their way towards a more productive foundation. The resilience of people is amaz-



The rectory at Stratfieldsaye, Second World War home of our British operations. Working, eating and sleeping arrangements were part of the package and some of the provisions came from the rectory gardens and livestock.



*image to our offices was light except for
Southampton Branch (top) and North London.*

g, and their ability to help one another in times of crisis one of the rewarding capacities of human character. Despite the most discouraging conditions world-wide, hope and, even, a sense of courage continued to make itself felt, exerting the needed push to come out of the economic doldrums. Over a longer period than could be foreseen, this strength asserted itself until a return of more general confidence took place in the late 30's just as our world was thrust to the awesome prospect of the German military blitzkrieg.

As September 1939 approached, the preceding months had given evidence of the damage that could be done by indiscriminate bombing

of civilian centres. London, it was felt, would be a major target and, in anticipation of the possibility of hostilities, the company rented the rectory of Stratfieldsaye on the Duke of Wellington's estate through the good offices of Mr. L. Bennett our branch manager at Reading and the rector, who was a policyowner. Two days before Germany moved into Poland the transfer of records had been completed. The rectory was not damaged and it provided both office and sleeping accommodation for a number of employees while a skeleton staff remained in the London Chief Office.

In December 1939, the Agency Bulletin recorded the death of one of our most faithful and delightful annuitants. Dr. D.E. Foley, a medical doctor and a priest of the Roman Catholic church, purchased an annuity in 1912 that paid him \$220 a year. Later he moved to California and subsequently began writing annually to remind us of his payment . . .

May 1, 1932

Dear fellow mortal:

I have an annuity in your company and on the 10th of May in each and every year you are supposed to transfer from your trouser pockets to my woollen stocking the sum of \$220. On account of the profound financial depression in your Canada, it pains me to invite you to dis-pocket some of your filthy lucre . . .

May 1, 1933

Dear fellow mortal:

*Another fiscal year has arrived and I find that your company owes me the enormous sum of \$220, annuity due May 10th, 1933 . . .
. . . I will be in the Capital of Ontario this summer and I must call and see you and note if your company will go into insolvency or remain in statu quo.*

April 30th, 1934

My dear fellow mortal:

Would you object to my reminding you . . .

. . . This will likely be your last payment since grey hairs and diminishing pulchritude betokeneth that my high gear is being replaced by low gear and that 'ere long my lights will be dimmed and that I will be hopelessly stalled with no gas to

spare, R.I.P. Mr. W.P. Playter of your Temple of Mammon has written me and I infer your company will abide until after the deaths of Lloyd George, Bennett, Roosevelt, the Prince of Wales and Dr. D.E. Foley.

In 1935 Dr. Foley offered to shorten our "purgatorial sojourn by one hundred years" in exchange for another payment. In 1936 he trusted we "keep well and free from quintuplets" and in 1937, after reminding us he had paid \$3,146 "in the lawful money of Upper Canada" for his annuity, said he had his receipt "secreted in a fire-proof cellar". He also extended his "best wishes to you and to the Coronation Group in London".

Dr. Foley's last letter was from Rome. "This is my third visit to Rome. King Emmanuel and Mussolini send you their good wishes. Adolph Hitler I have not seen."

In all, Confederation Life paid Dr. Foley \$5,788 before his death on August 31, 1938. In his later letters he wryly kept "regretting" that he still survived. The Bulletin item closes with the note . . . "Farewell, Dr. Foley, your passing is a loss to those of us who were privileged to hear from you."

Insurance may not have the obvious excitement of some other careers, but for the associations and satisfactions it can bring it cannot be surpassed.



1939 1971





HMCS Red Deer commanded by Lieut. A. Moorhouse, formerly with Montreal St. James division. After the war he rejoined CLA.

*May Your Grand
Association Prosper*

Wayside Cottage,
Dobury, Essex
January 26, 1945

Confederation Life Association,
Toronto, Canada

Re Policy No. 209 519

I am in receipt of your letter and enclosed cheque
today, for which I am very grateful.

I am sorry I have been such a poor risk but may I be
the exception so that your grand Association may
prosper for many years to come.

It is largely due to my policy that I have been able
to get my own little home which is of particular value
when I am on invalid.

So far we have dodged bombing, incendiaries, flying
bombs and V 2's, although all these have been very
close to us.

The way you have transacted business with me has
always overwhelmed me with its generosity and I feel
my thanks are quite inadequate.

Yours sincerely,
Janet A. Anderson

Despite the conflict, an appreciation
for service.



Convoys, lifeline of the allies.



St. Paul's, shrouded in war clouds.



Civilian centres were prime targets.

When Germany invaded Poland, the world changed. Suddenly, the "war to end all wars" of 1914-18 was rekindled in a new and frightening form. Although the events leading up to it cast their shadows ahead, the reality was a profound shock. The continued pull from an under-utilized economy became at once the necessity for pressing every business and personal capacity towards survival. The response was immediate and gigantic both in terms of effort and re-direction. In amazingly short order, the allied countries shifted to a wartime economy and the depression became a historical fact.

The long range significance of this new concentration of effort and purpose was not, however, principally in the response it evoked. This conflict was a heart and soul affair, demanding and receiving all that we had. But a new dimension had been added; inhumanity was carried to an organized extreme in which, officially, disregard for the suffering of whole populaces was part of the strategy. The rules of war, perhaps fictitiously maintained in the past, were forsaken when convenient as part of the plan. Civilian vulnerability, added to immeasurably with rockets and the atomic bomb, had become a real and horrifying fact. The world was now a more volatile and dangerous place to be, no matter where in the world you were.

These frightening realities nurtured a new look at human nature and especially at what organized activity and purpose could accomplish. People were beginning to ask "how come?", and this desire to understand, to grasp the implications of interaction between people has been a gradually developing aftermath of the war experience. Backed by a broader educational base, the effect of this questioning spirit on society and all its institutions could turn out to be equally as great as that wrought by the industrial and scientific evolutions. In the 1970's, business, along with all other traditional participants in society's development and growth, has an entirely new set of circumstances to take into account, and

faces the tremendous challenge of sorting out what principles it can retain and what new principles it must adopt to survive and grow in a world where social considerations are becoming a dominant factor. There is a leadership potential in this process which can pay off handsomely in business returns. But the essentially satisfying returns must be measured in terms of new concepts of service to society and people if favourable business growth is to be sustained.

At the annual meeting of January 23rd, 1940, president C.S. Macdonald gave a comprehensive review of Canada's state of preparedness for the war effort. In his remarks he noted . . .

"Our citizens are prepared to send their sons overseas; they are prepared to face heavy taxation with resignation; they are prepared to loan their savings gladly to the government, and are in many other ways cheerfully ready to aid Canada on all fronts that she may take her proper place and fulfill the role expected of her towards winning the war".

In the same meeting, Mr. Macdonald reported 66 members of our staff were on active duty, 43 from the United Kingdom, 22 from Canada and Newfoundland and one from Trinidad. By the end of the war, 166 men and 29 women had left the company for war service and eight had given their lives.

In June 1941, 80% of the entire full-time field staff in Canada canvassed on behalf of the First Victory Loan. Before December was out, the attack on Pearl Harbor had drawn the United States into the widening conflict and various officers of the company were being called upon to fill important wartime posts.

In 1942, the Staff Association was formed and a separate Staff House completed. It provided home office employees with a modern cafeteria, auditorium, library, lounges, games room and facilities for dramatics and other club activities. By 1943 the company had passed the \$500 million mark in insurance in force and more than half the \$161 million of assets was invested in war bonds. Staff members had



Staff generated awareness ...



and help, through the War Service Club.



For something better – the U.N., born October 24, 1945.



V.R. Smith



J.K. Macdonald.



First Paratroop Battalion comes home, 1945.

started a War Service Club and were publishing a little mimeographed magazine called "Buzz". In all, more than 6,000 knitted articles were provided as well as many parcels and comforts for those overseas.

By 1944, C.S. Macdonald was forced to resign the presidency because of illness and the pressures of the position, and V.R. Smith became the Association's seventh president. Mr. Macdonald retained the post of Chairman of the Board until his death in 1948.

With the end of the war in 1945, the Association could look back on a record that merited the commendation "well done". This could be said, of course, about most citizens and businesses in Canada and the allied countries, especially in the United Kingdom where, in addition to personal effort and sacrifice, they carried the full weight of saturation bombing by the German Luftwaffe. Over the war period, Confederation Life invested more than \$108 million in war bonds while the staff purchased over \$360,000 in Victory Bonds and \$60,000 in War Savings Certificates. A greatly reduced field staff and a greatly changed office staff nevertheless combined to increase business and assets by 44% in the six-year period from the end of 1939 to the end of 1945. Business in force rose from 421 to 621 million and assets from 130 to 188 million dollars. The popularity and appeal of personal insurance programs had evidently not been diminished by the war.

An era of modern development and progress opened up after the war years. The legacy of technological discovery and the pent-up demand denied throughout 1939-45 led to generally buoyant economic conditions which, with relatively mild variations, have since been maintained by the increased expectations of people in the western world. In 1944, the Bretton Woods conference started to sort out arrangements for international trade that would avoid the paralysis of the depression, and on October 24, 1945, the United Nations Organization formally came into existence. This, plus the awesome reality of the atomic bomb, then,



Could the mushrooming horror provide energy for peaceful progress?

was the post-war setting in which all people and organizations would make their way through the feverish progress of the fifties, past the searching of the sixties, to face the new concepts of the socially-minded seventies. Conditions were good for life insurance but, even as they moved forward, Confederation Life and other companies in the industry were to face the realization that the traditional foundation of our special services to society were being eroded by government programs and the emergence of alternative forms of savings as well as by the new public attitudes that were coming on the scene. Thus our company, as did many others in many different industries, went through a prolonged period of soul-searching to reorganize efforts and arrangements so we could continue our long history of service and success in the new environment.

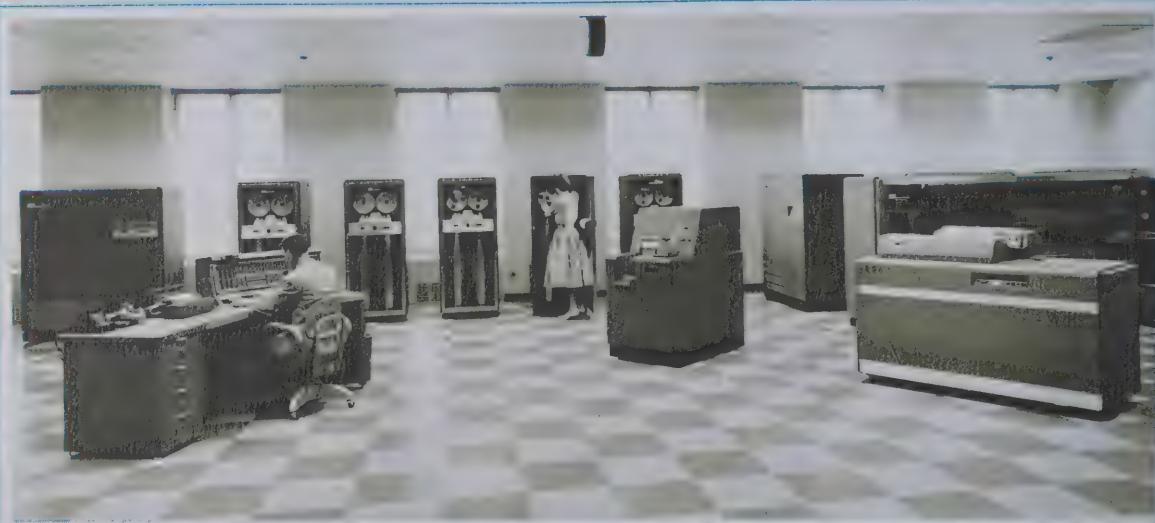
In 1947, president V.R. Smith died suddenly while on a business trip to the United Kingdom and this event propelled the young John Kenneth Macdonald into the responsibilities of guiding the increasingly complex organization as the new (and youngest) president. Just 43, but with a wide-ranging experience in company affairs covering twenty-one years, the "young J.K." faced gigantic problems of still



Installation ceremonies for our first computer. From the Stone Age . . .



to the future.



I.B.M. 705 Computer Centre. Deceptively simple layout for a powerful technology.



A.E. Wall gets briefing on the new equipment.



The president presents policy No. 1,000,000.

undefined dimensions. The confidence shown in him by the Board of Directors at this early age was initial evidence of the changes in prospect during the coming years. Mr. Macdonald admits "I thought they would appoint Mr. Waldie" (the senior member of the Board), and this guess would have been a good bet considering the ages of his Macdonald predecessors when they were appointed—74 for his grandfather and 57 for his father.

Even while Mr. Macdonald junior was getting used to the presidential office, another young man was making plans to succeed him. In an interview after his installation on April 1st, 1969, J. Craig Davidson admitted: "I didn't really know I would become president. But I can tell you one rule that guided me. I tried to make sure that, if there was an opening coming up I knew about—or even didn't know about—that whoever had to make the decision could say, 'Davidson—well, he's the best prepared of all the candidates'". In 1947 Mr. Davidson became a Fellow of the Society of Actuaries. Nine years earlier, in 1938, he came to Confederation Life after working at Crown Life for one year. Mr. Davidson had a strong influence on the events and decisions that characterized Mr. Macdonald's presidency from the mid-fifties, the period of dynamic adjustment that led to our contemporary corporate structure and outlook.

The key to Mr. Macdonald's transitional presidency can not be found in any one of the pioneering innovations that marked his term. It is partially in the men he gathered round him and in such rewarding events as the personal delivery of the one millionth individual policy to Harold M. Myers, Dean of Men at the Drexel Institute of Technology in Philadelphia during 1953, our 82nd year. It can also be seen in his capacity to match the traditional with the progressive in business matters. But it primarily lies in his foresight that encouraged the move to our new ten-storey office building in 1955, the acquisition of computer facilities in 1958 (the first in the Canadian life insurance industry), the decision to mutualize taken in

1958 and carried out over the following 10 years, and the study, acceptance and action on a major re-structuring of the company that took us into a product-line organization. Mr. Macdonald was able to steer the successful company tradition of progressive conservatism into the contemporary concept of long range planning and the forward-looking posture of today.

The use of computers during the latter stages of the war led to their introduction for commercial use in the early fifties. Electronic data processing was a new and rather controversial subject in late 1952 when R.G. Stitt, named Co-ordinator of Electronic Research and currently Accounting Vice-President, undertook the initial investigations. Four years and many tough arguments later Mr. Davidson steered through the decision to buy the large-scale IBM 705. Two years were required for delivery, and finally, in January 1959, the first operations began on our new and highly sophisticated equipment. Then, as the saying goes, the fun *really* began.



The discipline of hard, tough work.

Despite the most careful investigation and planning, it was soon discovered the computer imposed a discipline beyond original expectations. As a pioneer user, we were breaking new ground with all the experimental trial



Before the start, 1950



J.K. Macdonald turning the first sod. Bigger scoops were next.



We gradually acquire the Georgian style appearance



This night view is from Jarvis north to Bloor Street



The Staff House takes shape



There was plenty of equipment to move.

and error runs this involved. There were periods when the possibility of back-tracking and starting over was very real. As more computers were purchased by businesses in and outside the insurance industry, we learned that this experience was not unusual and, in fact, many firms either had to start over or temporarily restrict applications to the simpler processes. Confederation Life was especially fortunate in the personnel involved with the electronic process. Mr. Davidson, a strong and astute proponent of continuing until the major problems were licked, and P.D. Burns, currently Vice-President, Corporate Administration, who was associated with the computer system from the early stages, have each become recognized authorities on the application of electronic data processing to business problems. Both these gentlemen, and others, made it possible for the company to apply the computer to involved routines along the lines of our original plans. This success has earned Confederation Life an enviable international reputation for



And stacks of records.

computer know-how that is still frequently called on by other firms. By the late sixties, we had outgrown our initial equipment and, in September 1969, took delivery of a third generation IBM 360-50 computer, later placing an order for a second one. Such was the rapid development in the computer field that our original 705 had no resale value and the majority of parts were scrapped.



"It had served us well."

Much of the company's subsequent planning and development has depended on these computer facilities. As president Macdonald remarked just prior to his retirement . . . "we literally could not have developed our sophisticated plans without the computer to use as a management tool . . . many mathematical models were developed to show us the effect of varying some of our assumptions. A change in any one of the formulae used in these models can require as many as a million or more separate calculations and it is obvious we could not have coped with this kind of program without our computer."

In June 1955, we sadly left our "magnificent pile of buildings" on Richmond Street and headed for 321 Bloor Street East, our new home of ten-storey red brick Georgian inspired design. Perhaps more visibly than any other factor, our re-location into these modern and



Moving day...and even tired company officers



Final check of tour guides. Skits definitely all ready.



Our international operations are clearly evident, from U.K.'s 50th anniversary in 1956 to . . .



Canadian delegates



including attentive wives



A WORKING DINNER FOR THE CONFERENCE



A happy contingent from Hawaii.
Photos from various Field Staff Conferences.

efficient quarters signaled the start of the process to become part of the changes underway in contemporary urban society. Our image as an alert and responsive organization took a step forward, especially among the staff which, since then, has re-oriented its outlook and attitudes in keeping with the challenging objectives of the company. To meet space requirements for continued growth, an extension of the present building is now being planned with a completion date of late 1973.

Looking at the present opportunities and capacities of the company, the 1960's stand out as the key period. Early in the decade we undertook to probe what lay ahead and what was needed to face this likely future. A series of special project groups drawn from many sources in the company ranks undertook to come up with answers to questions implicit in the following studies:

*Level of Future Surplus Accumulation
Relationships of Different Lines of Business
Definition of Desirable Levels of Competition
Investment Policy
Mathematical Model of Company for Testing
Future Patterns of Development
Income and Expenditure Analysis and Control
Marketing Objectives
Training and Development—Salaried Staff
Development of Electronic Applications
Training and Development—Agency
Manpower*

In October of '62 the Corporate Planning Division was set up to co-ordinate the results of these groups and it has since become an integral part of company operations. In 1963 and '64, additional project groups were formed to fill in and enlarge on reports drawn from the original studies.

As a result of the information generated, it became apparent a major reorganization would be needed to meet the requirements that could be foreseen. The basic shift was undertaken in 1966 when marketing operations were re-structured into separate Individual and Group product lines, recognizing the different processes involved in each. To take into ac-

count differing regional characteristics in the pattern of personal insurance sales, the Individual line separated its marketing organization into four major geographical areas — Canada, the Caribbean, the United Kingdom and the United States, each with its own senior marketing executive. Of the four areas, only the U.K. carried out its own administrative operations under the guidance of J.H.B. Clover, Vice-President and General Manager for the United Kingdom. Assigned to the key responsibilities for the new product line arrangements were two young men who had accumulated considerable experience in company affairs—W.J.D. Lewis, named Vice-President, Individual Insurance, and D.E. Watts, appointed Vice-President, Group Insurance. In all, three major income producing sources were recognized, the two product lines and our investment operations under W.J. Farmery, then Vice-President and Treasurer and later Vice-President, Investments. Complementing this organization at the time was the Control area headed by B.T. Holmes, Vice-President and Chief Actuary, and the Legal and Secretarial functions, respectively under the direction of R.M. Bell, Vice-President and General Counsel and M.F. Auden, Vice-President and Secretary. Since then, the retirement of Messrs. Auden and Holmes led to combining the Legal and Secretarial operations under Mr. Bell as Vice-President, General Counsel and Secretary and renaming the Control function as Corporate Administration under P.D. Burns, Vice-President, Corporate Administration. Concurrent with this reorganization the company moved to the concept of management by objectives and the establishment of "profit centre" operations.

One additional name should be recorded in connection with this period of reorganization. From the early stages, A.E. Wall, Vice-President in charge of Agencies, was a strong supporter of the re-evaluation plans. His sudden death in July 1965 was a serious loss to the company.

Since our entry into the United States area in



Upper Canada College boys re-create "Fathers" painting. A staff member poses as the first Prime Minister, Sir John A. Macdonald.



Rex Woods in his "studio", the Board Room, Home Office.



The Railway Committee Room, Parliament Buildings, Ottawa



School class encouraged to take an interest in history.

926 via New York State, development there was moderate until the 1960's. After the reorganization of 1966, it was decided to press expansion in the U.S. through the general agency type of office and to obtain licences to sell in most states. The decision has proved highly satisfactory and our Individual line sales growth in the U.S. region has been spectacular during the past several years. The Group line also experienced extensive growth in sales in the United States in recent years.

From its inception, Confederation Life had been a stock company owned and ultimately controlled by the stockholders through their representatives on the Board. At the same time, the company was conceived on the notion that participating policyowner interests should be protected and, as a result, limits were placed on the amount of participating earnings that could be used as dividends for stockholders. Also, policyowners were represented on the Board by the election of their own directors. Both these provisions, each well in advance of regulatory requirements, indicated a sincere concern for policyowner interests that has lasted through our 100 years and might well explain the kind of success the company has been able to achieve. In 1871, even as in 1971, the formation of a new company required capital which could most effectively be raised by stock subscription, thus setting the corporate form the company would have. Over these years, our participating policyowners have enjoyed the protection envisaged by our founder J.K. Macdonald.

During 1957, enabling legislation was passed by the Federal Government providing for the mutualization of stock life insurance companies resulting in ownership by its participating policyowners. After much deliberation it was decided it would be in the best interests of Confederation Life to be owned by its participating policyowners. A mutualization program was initiated in 1958 covering a period of ten years during which all shares were purchased from the shareholders at a fair price negotiated with the Superintendent of Insurance in Ot-

tawa. At the annual meeting in January 1969 president J.K. Macdonald was able to report: *"At the end of 1968 we took the final step in the mutualization program which was begun in 1958. Confederation Life is now a mutual company. The excellent results of the past few years have enabled us to purchase the shares at no cost to the participating policyowners who are now the owners of the Association".*

In 1967, Canada reached its centenary. Because of the original association of our name with the confederation of the provinces in 1867, we wanted to make a lasting contribution to the country as a whole. The decision to re-create the Robert Harris painting of the Fathers of Confederation, destroyed in the 1916 fire in the centre block of Parliament Buildings, led to the presentation of the painting to the country on February 3, 1969, as described in the previous section. Rex Woods' meticulous rendition of this nearly life size canvas took fully four years to prepare. Much of this time his studio occupied a major portion of the company Board room where light and space conditions were suitable for this painstaking work.

There were many other important events and complications handled during Mr. Macdonald's 21 year tenure as president. The revolution and political change in Cuba is one instance. We had an active sales organization there from 1908 until about a year after Fidel Castro took over in 1959, when the problem suddenly became one of servicing and protecting the investments made in our company by Cuban policyowners. And the annual report for 1968 tells a story of straight business success that is hard to match anywhere in business annals. By then, business in force had risen to well over 6 billion dollars and assets to 737 million. By any criteria, this was a phenomenal result. In 1947, when Mr. Macdonald took over the chief executive's position, the corresponding amounts were 788 million in force and assets of 217 million. Even more meaningful are the payments actually made to policyowners and beneficiaries. In 1947 these



The completed Fathers of Confederation painting prior to presentation on February 3rd, 1969.



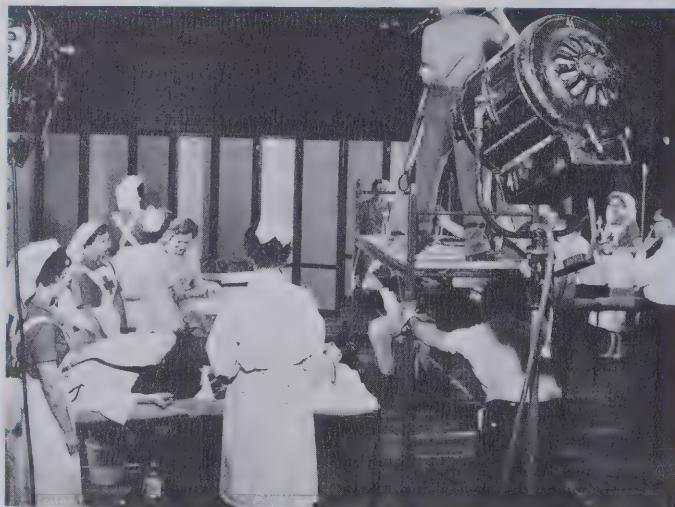
Energetic agent.



Attractive model.



Interested employees.



Sponsoring "Harry's in a Hurry" film for the Red Cross.



Representative's wife at Niagara Falls.



A hobby show display.



New quarter century club members chatting with the president.

The activities and interests of staff and company extend in many lively directions.

amounted to 7½ million dollars while, in 1968, they were over 104.8 million, equivalent to \$11,930.78 every hour of each 24 hour day throughout the whole year, even counting 1968 as a leap year. This is why we are in business and why we can confidently say that life insurance is designed to help people precisely at that point of need where this help is most vital.

In March 1969, Mr. Macdonald reached age 65 and, in contrast to his forebears, accepted the modern dictum of retirement at this comparatively young age. Still in excellent health, Mr. Macdonald became Chairman of the Board and saw his understudy, John Craig Davidson, installed as the company's ninth president. At his retirement from the presidency, Mr. Macdonald made a comment that crystallizes his career and philosophy:

"As president, one of my main jobs was to develop people to take responsibility. Also, as we were developing corporate plans, I particularly wanted to see them in operation before I retired. In many companies, you know, the tendency is for the retiring president to leave any

new development of ideas for the new man and to resist change to his way of doing things. But I felt this would be unfair. What we were trying to do was so significant that, if it did not work, I felt the responsibility should be mine and not the new incumbent's."

Here we see the Macdonald character coming through—scrupulous concern for propriety combined with a highly effective sense of business action.

The influence of the Macdonald leadership in the company's history can hardly be overstated. Over the 100 years of Confederation Life's existence and through nine presidents, Macdonalds were in the chief executive spot for 51 years, leaving only 49 to be shared by the six others, although Mr. Davidson is hopefully good for many still to come. This is a measure of their stamina and their contribution. An enviable record whether judged on the essential fairness of day-to-day decisions, or on the results. At the 1931 Diamond Jubilee celebrations John Marshall Holcombe, Jr., an American, was a guest speaker representing the Life Insurance Sales Research Bureau. Apparently the reputation of the Macdonald clan had even then crossed the Canada-U.S. border for he offered them this compliment:

"I do not suppose that there is another company on the continent which has the associations with a name which your company has. As I read over your program, I realized that there was something very unique about your management, which I venture to say has never been duplicated in any other company—and that is the Macdonald family. The tribute that ought to be paid—and I am sure is paid—could not be paid in any other company. I think it can safely be said that there is no company which has had such a succession of ability in one family as has occurred in the Macdonald family . . .".

It might be suspected that Confederation Life was, for much of its history, a personal family corporation. Fortunately this suspicion would be untrue. The Macdonald family were as careful not to impose their viewpoints as



J. Craig Davidson congratulated as new president.



Brunet Messier 1970

Artist's conception of new extension looking north towards Bloor Street. New facilities for new and expanded services. Completion date 1970



they were to avoid any sense of lack of fair play in business matters. There were too many strong and able characters in our history who individually and collectively helped to hammer out today's organization. In the realm of senior management interaction and cross-influence, there is little evidence of the debilitating controversies that sometimes weaken organizational structure and prospects. This is not to suggest differences did not exist. They did. Often. And when they occurred, they were frequently hard fought. But with little apparent bitterness and none of the sharp irreconcilable division into camps than can quickly destroy the centre of a major business organization. In all, the three Macdonald presidents and the six others have displayed a commendable sense for co-ordinating the efforts of others. In this, too, the company is fortunate, for no organization as large and as complex as Confederation Life could long survive the necessary limitations of one man rule.

John Craig Davidson, or rather J. Craig Davidson as he prefers to be known, is the product of modern management training and experience. Typical of the new breed of outward looking and forward thinking chief executives, Mr. Davidson's forte is a sense of organizational integration leading towards broad corporate objectives, many of the foundations of which he influenced during the latter part of Mr. Macdonald's presidency. This thoroughly contemporary man achieved the presidency after taking direct aim at it part way through his business career, demonstrating the knack of successful accomplishment which is so essential to the leadership of a corporation in 1971. The company has currently, if it may be put this way, high hopes and ambitions in the form of very challenging objectives. As, perhaps, the key component in this on-going effort, Mr. Davidson will have to co-ordinate the diverse personalities and talents available, measuring these against the growth pattern he would like to set. This is a task to be avoided by the faint-in-heart even with the abundant capacities a staff like ours can offer. As an example of the



La Société Delta, Quebec City.



Telephone exchange, Barbados.



Richmond Square, Vancouver.



Glenmore Gardens, Calgary.



Denman Place with The Treehouse Restaurant (inset), Vancouver.



Station House, Wembley, England.

The investment of funds helps lower insurance premiums as well as stimulating economic growth. Real estate, stocks, bonds, mortgages are all part of the portfolio held by Confederation Life.

level our activities can sometimes reach, in 1970, on Thursday, October 1st, 148 investment transactions were carried out, representing over \$22,435,000. This indicates the scope of what we must be prepared to cope with in future years.

Conditions facing corporations like Confederation Life are more complex today than at any stage in our 100 year history. Major business decisions now come at a more rapid rate and power can be based on purely commercial alternatives. Staff expectations and reactions have an important effect on what is proposed and accomplished, and preoccupation with what the consumer wants today and how these wants may change tomorrow requires a heavy and legitimate expenditure of time and energy. What people expect, both as consumers and staff, is not a static once-identified-there-it-is thing. The problem, the salutary humility imposed by being an organization composed of people for the benefit of people, creates a continually varying demand on making decisions that *they* will interpret favourably. This is our position after 100 years of amazingly successful growth and development. An exciting position which gives us an opportunity to work perceptively with and for others. And a challenging one because our past experience and successes cannot guarantee a healthy continuation for the 100 years ahead. They demonstrate only that we have the capacity to merit the celebration of our 100th anniversary in 2071.

At the end of 1970, Confederation Life made a small but significant change in its name. Up until then, we were officially Confederation Life Association and, for the start of our second century we will be Confederation Life Insurance Company. Although a change of seemingly small proportions, the full range of legal steps was necessary to produce it. Its significance lies, perhaps, more in its symbolic break with the past than any large scale effect it may have on our immediate operations . . . a break, if not for lack of appreciation or understanding what our predecessors accomplished, but

primarily for the emphasis it gives on the future as we try to match their results in the new environment the company now faces. For exactly 100 years we have been Confederation Life "Association". In 1871, this word of Scottish origin described a group that had come together for mutual benefit, usually in some business context. The original meaning fitted the concepts of our founders accurately and has lasted for a respectable century of use. During this time, however, usage of the word "association" broadened and it now suggests more loosely knit groups that may have a variety of purposes for joining together. The word Association has been a distinctive identification for us and we change to "Company" with a touch of reluctance. However, in our far flung operations, "Company" is a more consistent and, at this day, a more readily understood description of our organization.

One hundred years of a company's existence can hardly be captured by a few pages of pictures and type. However complete the story, at best it can only be a shallow recounting of the real impact the organization has had on innumerable people. We *are*, because people have found us useful. And this implies a story that goes beyond text and texture.

There are two main thrusts to the kind of service we have been able to render. The most obvious is the security provided by the insurance coverages great numbers of policyowners had the foresight to take out . . . followed by, usually at the most critical point of need, the funds that were immediately made available through these policies. The second major utility is the investment of funds for the extensive requirements of expanding economies. How many people have, unknowingly, been affected by the homes, schools, factories, shopping centres, roads, etc., that money accumulated through our efforts, has helped to make possible? The stretch of our activities throughout the full 100 years may have touched the lives of nearly all Canadians and very large numbers in the other regions where we operate as an international organization.

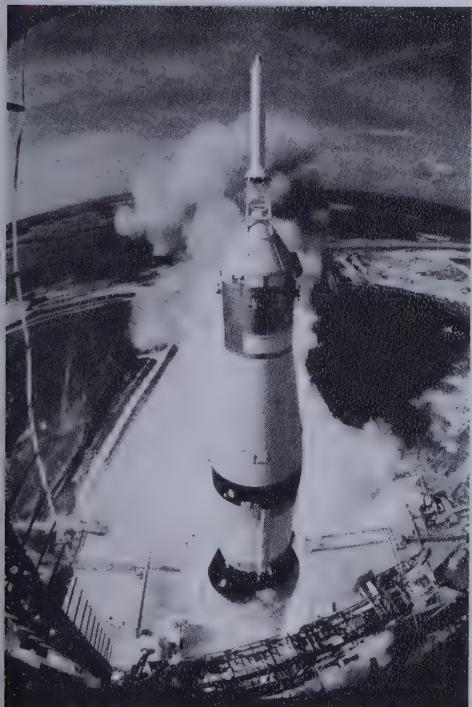
And in most cases this touch will have been favourable to them; even if ever so slight.

The measure of an organization of our kind lies in many places and gradually becomes interwoven with the fabric society weaves for itself. That others may have taken over our role had we not managed to cope with it, does not lessen the significance of the role itself. Someone had to perform these uses or our society would be the less for their lack. As a business organization of some stature, we are grateful we could contribute in this meaningful way to the well-being of individuals and families, as well as to the development of the countries in which we operate.

As a final word about what was done so competently over the lifetime of the company, it is essential to recognize what was contributed by the majority of people associated with Confederation Life, sometimes over long careers, who don't explicitly appear in this story. They have been the back-bone, sinews and flesh of the organization. They have given it colour, moments of humour, and depth. They provided the strength and the ballast that enabled us to come this far so successfully. Especially those who have been partners in our progress at far distant points from the Home Office. Much of the company story has been told from the view of the central generating point in Toronto. Each of our operating regions beyond Canada, and indeed, each branch unit has its own history, complete in itself, yet adding to what has happened in total. Many of these contributors have never seen our Home Office while thousands of others have spent most of their working life in it. Yet, together, in a composite of effort and, happily, often understanding, the segments that make up Confederation Life are what have given it its character and its promise. The working and achieving from many separate parts were the essential ingredients of Confederation Life Association and will again be when the next history of Confederation Life Insurance Company is written.

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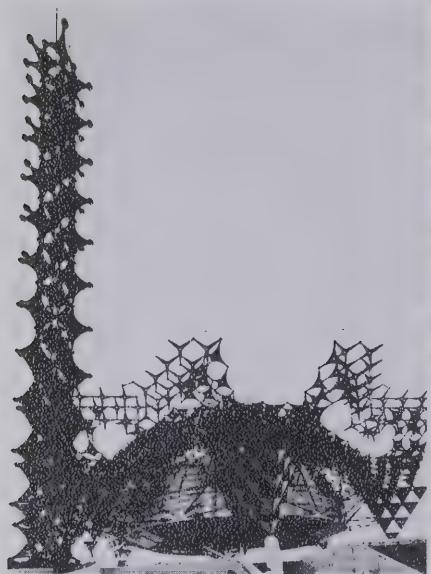


Time T plus one second...and T plus 30.

Those who saw "2001: a Space Odyssey" were treated to one fanciful version of what we might expect 30 years from now. There are others, some equally imaginative and a few, at least, with alarming descriptions of future conditions. George Orwell's "1984" and Huxley's "Brave New World" are depressing earlier attempts at warning people what to avoid.

Currently, the future is a popular subject. And with good cause. Some years ago the inventor Charles Kettering remarked: "My interest is in the future, because I am going to spend the rest of my life there". Government and business have become two of the biggest boosters of futurism, as the study of coming possibilities is being called and, with the entry of these institutions into this speculative field, the degree of uncertainty is being cut. In a recent issue of IBM's "Think" magazine, an article on "Futurism" claims "...futurism today is where economic forecasting was around the end of World War I—roughly 20 percent science and 80 percent guesswork." Although it will always be imprecise, careful prediction can separate the less likely from the more likely, and even a slight lessening of the degree of uncertainty will have powerful effects. We will be able to ask not only "what will the future be like?" but also "is this the kind of future we want?"

The approach to the short range future of Confederation Life is based on carefully tabulated 10-year predictions of economic progress. In 1980 these give our insurance services a goal of 2½ times 1970 levels. Here we are looking at dramatic possibilities which force us to ask what level of services and what kind of products will merit this explosive growth potential? It won't happen automatically just because we are here. We must earn this confidence level. Each year, these figures are revised in the



Imagination will be at a premium.



To accommodate the exploding population, mountains of homes.



Rising above the present.



Auditorium concept for community activities.

light of current achievement. As a basic philosophy, Confederation Life feels that the process of completing a yearly updated 10-year projection will keep us in touch with the longer term picture as it evolves. It also gives us a reasonable time gap to adjust plans.

There is another dimension to our future prospects. What new financial and other services will Confederation Life be offering? And what will they do to our growth potential? This is where the broader social and technological developments enter. What new needs and wants will the populace have ten years from now, especially in the realm of financial services? We can see a much greater co-ordination of all personal financial transactions. One simple allocation of personal income for all necessities (based on a much broader definition of a necessity), including protection and savings services, with the rest available for out-of-pocket expenditures on sheer luxury items and whims? Perhaps the only part of your income you will see will be this leftover portion. Food, clothing, shelter, and transportation as well as a host of other recurring purchases may be deducted as one total before you get "paid" what is left. Certainly a start has been made in this direction through payroll deduction of taxes and other services.

By 1980, we may be offering trust and borrowing services, mutual funds, plus investment and planning services of various kinds in addition to life, health, pension and other insurance products. We see an expansion of mass marketing techniques as well as a very much enlarged need for competent personal and individual guidance with the more extensive estates that family units will build up. The regimentation possibili-



Communities under the sea.



Family air car. No stop lights, but many new traffic hazards.



From here to anywhere in-or out-of this world.

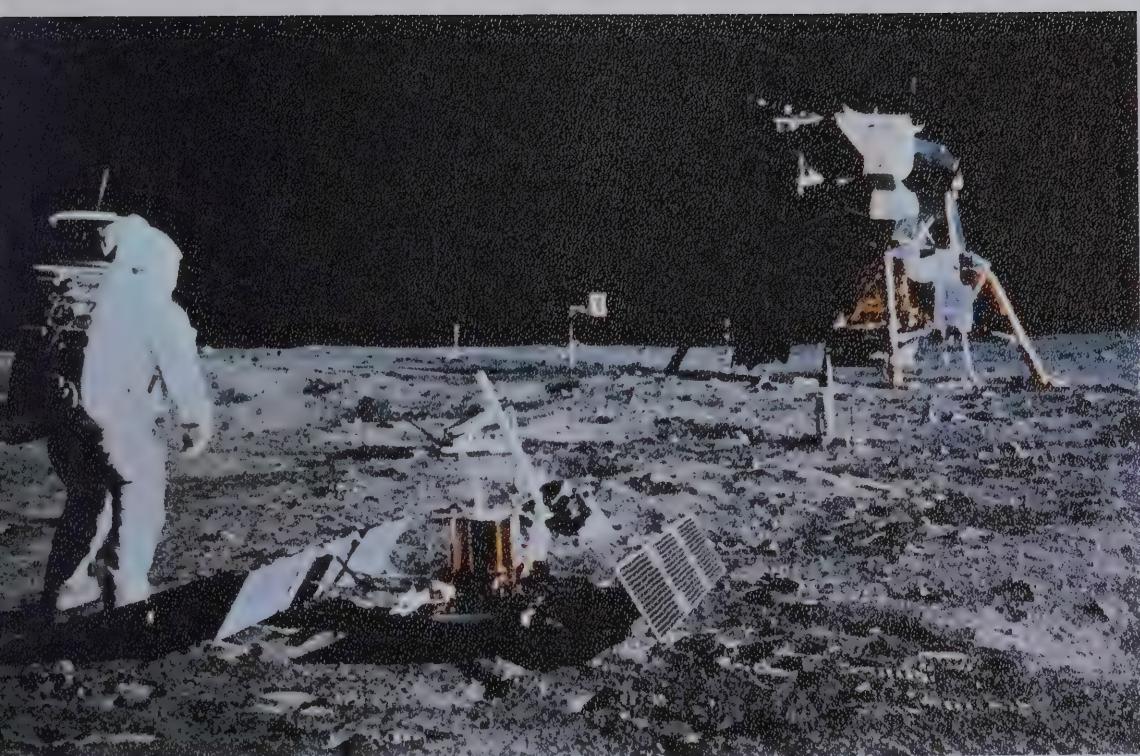
ties of Orwell and Huxley just don't appear as viable choices: their mere possibility should lead us to select better alternatives. There is little question Confederation Life thinks about and plans for the future from variables that imply a faith in mankind. Too many bright prospects lie ahead to be pessimistic and one of the best controls is to consider what would happen if we took this course or made that decision. Blueprints of the future at least let us make up our mind what we will strive for.

The kind of forecasting Confederation Life undertakes is a mixture of normal long range business planning and a little of the imaginative conditions foreseen by more visionary futurists. One of these, Kenneth R. Lavery, a partner of P.S. Ross and Partners, management consultants, and author of the book "Selective Inventory Management", suggests that, by the year 2000, our societies will consist of a few mega-city states where 85 per cent of the population will live. Transportation between, say Toronto and Vancouver, will take 45 minutes via a "human pipeline". Automation will be complete and the industrial worker will not operate but only supervise the machinery of production. Lengthy vacations—as long as 12 weeks—will be the rule and, he adds, there will be a breakdown in the willingness and desire to work hard, the one exception being the executive who "will continue to work long and hard".

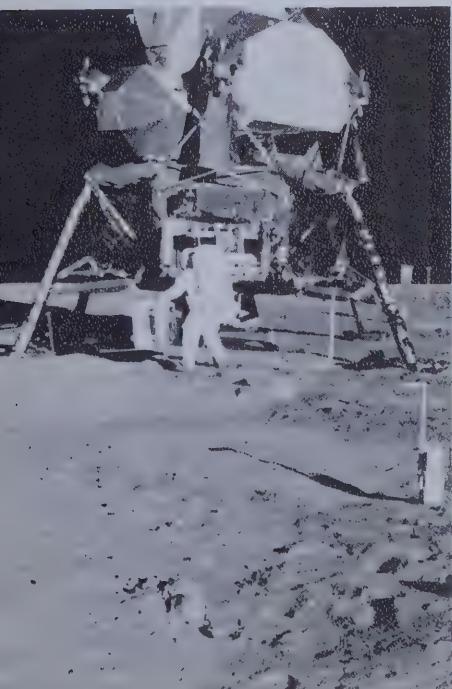
Lavery's conceptions are mild compared to some predictions. But who is to say? Man has touched the moon, and how this will whet his appetite for further adventure is an open question. Today science fiction is a little less fiction and a little more science. Dreams are the plans of the future just as reality is the building material. How we construct our environment depends on what we foresee and



"One small step..."



Incredible technology put man there.



...with the equipment to explore...



...and return safely home.



"...and the firmament sheweth His handiwork" (Psalm 19).

The immensity of the heavens seem unfathomable from our insignificant world travelling round a minor sun in a small galaxy. Yet man may contemplate and, in this capacity could be the key to eventually unlocking the mysteries of the universe.

how we plan to make what we want come true. With the rapid pace at which developments now take place, most of the people reading this history of Confederation Life will still be active participants in the society of the 1980's, 90's and even in 2001. There will be many more citizens to satisfy in almost all countries, and the concern will be mainly for the quality of life. Problems—gigantic, nearly overwhelming problems that need not overwhelm us—will require practical solutions. For we will be more knowledgeable, and more aware of them, than at any time in our history. And we will have a greater capacity to solve them. Confederation Life projects with this kind of expectation, hoping that in its realistic planning it can help some of the more beneficial alternatives become reality.

Acknowledgement and credits

Many company and non-company people contributed to the publication of this centennial history. Their suggestions were instrumental in solving the numerous problems associated with the project and we gratefully acknowledge their interest and assistance.

The majority of photographs in the first three sections are from company records and early issues of the agents' magazine. In addition, we are indebted to the Toronto Public Library, The Hockey Hall of Fame and the Montreal City & District Savings Bank for several of the historical illustrations. The pictures of the 1916 fire in the Parliament Buildings are from the John Boyd collection.

Photographs for the 1971-2001 section were made available through the courtesy of the following: The National Aeronautics and Space Administration of the United States, The Canadian Architect trade journal, the International Nickel Company publication Man and Nickel, the Department of Astronomy at the University of Toronto and Marsh & McLennan Ltd.

The factual material came principally from the company archives. In particular, the 1871-1928 history prepared by C.R. Dent, the records organized by C.R.B. Lloyd for the subsequent years and the 75th anniversary publication written by P.I. Murray were fruitful sources of data. Selection of material and the writing of the story by I.R. Scott.

Type faces: Each section of the text is set in a different type face selected to reflect the mood and style of the period. 1871-1900/ Cartier; 1900-1939/Times Roman; 1939-1971/Univers Light; 1971-2001 Eurogothic.

Printing and binding: Sections 1871-1900/ 1900-1939: lithographed in two colours on 80-lb Byronic text white. Section 1939-71: lithographed in four colours on 80-lb Byronic text brite white. Section 1971-2001: lithographed in four colours on 100-lb Stipple-coat offset enamel.

Cover: lithographed in two colours. Special laminate Byronic text white.

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